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Canada-Dominion-Provincial Relations,
"Royal Commission on, 1937

ROYAL COMMISSION ON DOMINION-PROVINCIAL RELATIONS

REPORT OF PROCEEDINGS

[Saskatchewan]

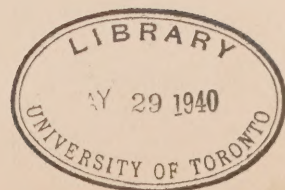
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Official Reporters

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REGINA SASKATCHEWAN, DECEMBER 15, 1937

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PROVINCE OF SASKATCHEWAN

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ROYAL COMMISSION ON DOMINION-PROVINCIAL RELATIONS

 REGINA, SASKATCHEWAN, DECEMBER 15, 1937

The Royal Commission appointed to re-examine the economic and financial basis of Confederation and the distribution of legislative powers in the light of the economic and social developments of the last seventy years, met at the Legislative Buildings, Regina, Saskatchewan, on Wednesday, December 15, 1937, at 10.30 a.m.

PRESENT:

HON. CHIEF JUSTICE NEWTON W. ROWELL....CHAIRMAN

DR. JOSEPH SIROIS)	
)	
JOHN W. DAFOE, Esq.)	
)	Commissioners
DR. ROBERT ALEXANDER MACKAY)	
)	
PROFESSOR HENRY FORBES ANGUS)	

Commission Counsel:

Louis S. St. Laurent, Esq. K.C.

Secretariat:

Alex. Skelton, Esq.	Secretary
R. M. Fowler, Esq.	Legal Secretary
Wilfrid Eggleston, Esq.	Assistant to the Secretary
Adjutor Savard, Esq.	Secrétaire Français

FOR THE GOVERNMENT OF SASKATCHEWAN:

Hon. W. J. Patterson	Premier
Hon. T. C. Davis	Attorney General
Hon. J. M. Uhrich	Minister of Health
Hon. J. W. Estey	Minister, Education
Hon. George Spence	Minister of Public Works
Professor V. C. Fowke	University of Saskatchewan
Professor J. Mitchell	University of Saskatchewan
F. C. Cronkite, K.C.	Dean, College of Law
A. S. Sibbald, K.C.	Debt Adjustment Board
S. Quigg, K.C.	Attorney General's Department
S. P. Grosh, K.C.	Chairman, Local Government Board
W. McEwan, K.C.	
Dr. J. H. McKechnie	Deputy Minister of Education
Dr. J. S. Thomson	President, University of Saskatchewan
Dr. W. C. Murray	Past President University, Sask.

FOR THE GOVERNMENT OF SASKATCHEWAN:

T. A. Lax, F.C.A.	Provincial Auditor
J. R. Taylor, C.A.	Superintendent of Revenue
L. Jacobs, C.F.A.	Municipal Affairs
Mayor A. C. Ellison	Regina
N. C. Byers, Esq.	Chairman, Debt Adjustment Board
G. W. Myers, Esq.	
W. J. Hansen, Esq.	Department of Agriculture

FOR THE SASKATCHEWAN TEACHERS FEDERATION:

L. J. Titus, Esq.	President
J. R. MacKay, Esq.	Past President

FOR THE REGINA BOARD OF TRADE:

L. A. Thornton, Esq.	President
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FOR THE SASKATOON BOARD OF TRADE:

M. MacMillan, Esq.	President
Andrew Leslie, Esq.	

Legislative, Buildings,
Regina, Saskatchewan,
December 15, 1937.

MORNING SESSION

The Commission met at 10.30 a.m.

HON. MR. DAVIS: Mr. Chairman, when the Commission rose last night we were dealing with the subject of Education on page 277 of our Brief, and the School Trustees' Association had made their representations. It was suggested that we start this morning with the brief which has been prepared by the Teachers' Federation of the province, which they desire to submit through Mr. Titus, the president of that organization. Perhaps we might proceed and hear him this morning.

THE CHAIRMAN: We shall be glad to hear Mr. Titus.

BRIEF SUBMITTED

by

SASKATCHEWAN TEACHERS' FEDERATION

MR. L. F. TITUS (President, Saskatchewan Teachers' Federation): Mr. Chairman, the organization in whose name this brief is presented embraces all the teachers and employees in the elementary and secondary schools of the province organized under the various School Acts of the province.

THE CHAIRMAN: How many in all, Mr. Titus?

MR. TITUS: Our membership of elementary and secondary school teachers is really under 7,300, but there are provisions for the inclusion of unemployed teachers and certain others whose interests are closely allied with ours.

I have had associated with me, in the preparation of this brief, Mr. J. R. MacKay, Past President of the Canadian Teachers' Federation, a teacher of long standing in the province, and Mr. S. R. Laycock, Educational Psychologist of the University of Saskatchewan, who is also Consultant Psychologist for the School Board of the

city of Saskatoon.

We wish to state at the outset that we are heartily in accord with the submissions made by the Government of Saskatchewan in their brief regarding education, and that we are here presenting a point of view which does not contradict that brief in any sense. It is a view that is held very widely among educators throughout the Dominion and perhaps to a greater extent than is realized by the laymen of the Dominion.

We have divided the Brief into three sections. The first section consists of academic considerations of education and the responsibilities of the parents, the community and the State in the matter of education.

In the second part of the brief we deal particularly with school conditions in Saskatchewan, and in the third part we make certain suggested recommendations.

Passing over the first page of the Brief, in which we deal with the triple responsibility of the parent, the community and the State, the first paragraph on the second page reads:

"Even though the British North America Act provides that 'In and for each province the legislature may exclusively make laws in relation to education', nevertheless this provision does not relieve the federal government of its responsibility for education. Canada is a democracy made up not of a group of independent provinces but of a group of inter-dependent provinces."

We proceed in that paragraph to point out the great changes that have taken place in the social character of the Dominion since Confederation, that provincial lines have faded before our modern transportation facilities and the development of industry and commerce, and

that consequently the viewpoint in regard to education has changed as a result of those social developments.

In the next paragraph we say:

"Public welfare from the social and economic point of view is becoming more and more an educational problem. No longer are the benefits derived from a good education limited to the community where the education takes place, and, by the same token, no longer are the evils associated with a poor or inadequate education limited to that community. It is a matter of profound concern to the citizens of Eastern Canada to-day, that the youth of the prairie provinces be educated to be wise and useful citizens in this democracy. The benefits, and the evils, resulting from our system of Education in the various communities of Canada to-day are becoming widely diffused throughout the nation. Whether we regard the question positively or negatively, the conclusion is the same--that a satisfactory foundation of education must be provided in every community. Sociologists and Economists have pointed out the advantages that accrue socially and economically from education, but have refrained to a great extent from pleading the necessity of supporting education as a national policy in attaining these ends. While we have no statistical evidence as yet as to the extent that increased expenditures on education are being accompanied by increased social and economic well-being, and while the facts collected to date deal almost entirely with the negative side, yet it is the considered opinion of social workers and educationists that improved facilities for education would result in a higher level of citizenship."

When I say that the facts collected to date deal almost entirely with the negative side, I mean that we have shown the effect of a lack of education facilities but we have not shown or been able to show to the same extent what would be the effects of improved educational facilities. I continue with the next paragraph:

"Our population in Canada is extremely mobile. Inadequately educated people cannot, in any way, be barred from migrating from place to place. Then, too, according to present birth rates, urban communities cannot perpetuate themselves. These two facts tend to draw the less well-educated population from our villages and rural areas to our cities. We have placed too much reliance on the stories of those individuals from the poor areas who by sheer native ability, or by good luck, have risen to high places, and we have neglected to ascertain to what extent this group is represented in our courts and on our relief rolls---we have neglected to study the slums of our cities."

The next paragraph we might pass over rapidly. We have undertaken to call attention to the adverse effect that large geographical groups of people with limited education might have on the economic and social pattern of the nation as a whole. Then on page 4 we say:

Education and Democracy

"It ~~is~~ a recognized fact that education is the foundation upon which democracy is built. Advancement toward the democratic ideal or retrogression therefrom must depend on the degree of education of the youth who are to form future society. No state can rise above the level of the education

"of its citizens. Countries with different political ideologies than our own have recognized this fact. Thus we witness the intensive youth training movements of such countries as Germany, Italy, Russia and of states in which the cooperative idea is highly developed, such as Denmark and Sweden. The governments of these states recognize that if their particular ideologies are to prevail, this result can be achieved only through the education of the youth. Similarly, if true democracy is to prevail in our country, it can be achieved only if each intelligent citizen feels that he contributes to and enjoys the social good."

We have based our appeal in this brief on the premise that in a democracy we should guarantee as completely as possible equality of educational opportunity.

Equality of Educational Opportunity

"It is the responsibility of the state, then, to see to it that every child should be given, so far as is possible, an equal opportunity for full development. Merely casual observation will reveal vast variations in teaching personnel, curriculum offerings, school buildings, equipment, etc. Slight investigation will reveal great ranges in the ability of local districts to support schools. It is becoming imperative that these conditions be remedied through the equity-giving resources of the State. We boast of our democracy, yet there is no true democracy in these circumstances. Democracy should guarantee to all the highest degree of equality attainable. It should guarantee that every child, regardless of the geographical or economic circumstances of birth, should have the fullest

"opportunity possible to develop his peculiar latent abilities. This does not mean that all children, regardless of their needs and abilities, should be fitted into one common mould, but rather that curricula and school organization be so diversified as to provide for the development of our youth into the best possible citizens. It should guarantee that every individual should bear his just share and no more of the cost of social services. No such democracy prevails under our present system of school finance. There is not even an approach to equality of opportunity in Saskatchewan, nor is there anything like a fair distribution of the costs. The costs borne by ratepayers vary all the way from 3 to 30 mills, and often in contiguous municipalities, and between districts in the municipality there are wide variations caused by differences in assessable wealth. Schools vary widely in the quality of the teaching personnel, curriculum offerings, physical equipment, buildings, etc.

The range in teaching personnel is from the district which is able to pay only the most meagre salary and so attract only the inexperienced or inefficient teacher to districts whose wealth enables them to obtain and retain the experienced and efficient teacher. In buildings and physical equipment the range is all the way from dilapidated school buildings which are utterly lacking in instructional materials to occasionally well-constructed, comfortable, beautiful buildings, equipped with every aid the teacher requires for effective results.

Many of our rural schools under the present

"system cannot hope to offer the curricular advantages offered by others, nor can they hope to equal the offerings of town and city schools. The curriculum authorized by the Department of Education offers a very wide field of choice to the student and the school. Beside the traditional subjects it includes such vital vocational subjects as agriculture, manual training, home-craft, accountancy, stenography and other business usubjects, drafting, electricity, metal work, motor mechanics, aeronautics, modern problems. Yet these wise provisions are, for the vast majority of our schools, only provisions on paper. Saskatchewan schools are largely one-room schools and two or three-room village schools. With their resources school boards administering such schools cannot provide, beyond the traditional subjects, adequate training in even such practical rural subjects as agriculture, farm machinery, motor mechanics, and the elements of business practice. None of our rural schools can offer adequate high school instruction. Where it is offered it is superimposed on the work of the lower grades. Teachers are not superhuman. No matter how zealous or able they may be, one of two things is bound to happen: either the high school work is very scantily done, allowing only the most brilliant student to make adequate progress, or the work of the lower grades is neglected, and it is for these grades that the rural school is primarily meant.

Our present system does not permit of the proper arrangements for medical and dental services to school children. The preservation of health is

"of prime importance to the individual and to society. Our cities are able to establish such services and the medical and dental experts employed will testify as to the great value of discovering and remedying incipient diseases--goitre, contagious diseases, tuberculosis, defective teeth, defective eye sight, malnutrition, and so on. Under present conditions our rural, village, and small town schools cannot make these arrangements."

The observation was made, Mr. Chairman, the day before yesterday by the gentleman who presented the brief for the Rural Municipalities that the provisions for health equalled in importance or perhaps were more important than education itself, but I should like to submit by way of observation that if we build the robust child, then much of the cost of medical services will disappear. We submit that we cannot divorce health preservation from the elementary schools because it is in the schools that health preservation work is the most effective. As an illustration I might mention that in this province we have done much to control and eradicate tuberculosis, yet the leaders in this work recognize that the most effective work is done through the schools.

Then at the bottom of page 7:

Equalization of Costs

"It should be emphasized here that in all the provinces the burden for school support falls upon the local area. Tables which follow will reveal that in Saskatchewan about 85 per cent of the total cost is borne by these areas. In this province the only source of revenue available to the local area for school support is taxation on property. This

"means that centres in which wealth and population are concentrated are enabled to finance a fairly adequate programme of education, while the more sparsely settled and less wealthy rural and smaller urban areas find the burden intolerable. It must be remembered that concentration of population and wealth in cities or particular provinces is made possible by the contributions of the surrounding country or provinces as the case may be. It is a matter of justice, then, that so far as it is possible, the less wealthy and more sparsely populated areas should be enabled to provide for their children equality of educational opportunity with that enjoyed by the children of wealthier and more densely populated areas.

Need of Federal Financial Support

An equalization of the costs of education is necessary. Only the state can provide this equality--the province as among areas within the province, and the federal government as among the provinces. That federal revenue is derived from some provinces or centres in greater volume than from others is not an argument that federal expenditures should not be made on the principle of giving greatest aid where there is greatest need. Taxes may be collected from a manufacturer in one section, but the tax is paid by ultimate consumers in all sections using the product. Simply because taxes are paid into the government by the corporation of a certain province does not indicate that the people of that province have paid the tax. We tax a bachelor's property to help educate the children of his neighbors. The property of an entire province should be subjected

"to taxation for the education of all the children of that province. There is nothing about a provincial line that should prevent us from applying the same well-established principles in a further effort to equalize educational opportunities. The concentration of wealth in certain areas, creating inequalities in funds available for the education of children, has become a grave problem. This problem can only be solved by the federal government, the sole agency which collects taxes over the whole nation and distributes them to promote the welfare of the whole nation. Problems which come to affect the welfare of the entire nation, no matter how localized, should be declared national problems and dealt with as such. We should tax the wealth of the nation wherever it is found, to educate the children of the nation wherever they are.

Money is urgently required to rehabilitate education, more especially in the western provinces, to bring our school buildings, classroom equipment, and so forth, in line with modern educational requirements. Buildings, however, are of little use when teachers are unpaid, when schools are closed for a portion of the year. when students have neither books to read nor equipment to use. If our schools are to be open a full term each year, if teachers are to be employed, if their normal purchasing power is to be restored, if children are to be taught, if older pupils are to be admitted to technical schools, colleges, and universities, direct grants from the federal government are necessary."

I pass over the next paragraph which draws a parallel between the constitutional position of education in Canada and the United States and shall quote only the last sentence:

"England, through its national government contributes 52 per cent of the entire cost of primary and secondary education; Scotland 57 per cent; North Ireland 98 per cent; Sweden 62 per cent; Norway 56 per cent; France 77 per cent; the Union of South Africa 75 per cent; New Zealand 100 per cent." Those figures are to be found in a careful study that was made by a committee of Ontario Secondary school-teachers under the chairmanship of Mr. J. W. Roseworthy of the Collegiate staff of the city of Toronto, and his pamphlet is entitled, "Educational Finance and Administration in English-speaking countries."

Now I come to the second paragraph on page 9:

"It is a provision of the B.N.A. Act that the control of education rests with the provinces. We would not seek to change that provision. Federal aid to education does not necessarily imply federal control of education. In England, where the state gives large financial aid, local educational authorities retain control,"

Then comes the second part of the Brief, dealing with school conditions in Saskatchewan.

School Conditions in Saskatchewan

"The inadequacy of arrangements to finance elementary and secondary education in normal times has been emphasized during the past eight years of depression and crop disasters. The following tables will reveal somewhat the extent to which the arrangements for the financing of education have failed to

The first part of the document is a letter from the President of the United States to the Congress, dated January 3, 1862. The letter is signed by Abraham Lincoln and is addressed to the Senate and House of Representatives. The letter discusses the state of the Union and the progress of the war against the Confederacy. It also mentions the President's efforts to maintain the Union and his commitment to the principles of liberty and justice for all.

The second part of the document is a report from the Secretary of the War Department, dated January 10, 1862. The report is signed by Edwin M. Stanton and is addressed to the President. The report discusses the military situation in the South and the progress of the war. It also mentions the Secretary's efforts to supply the army and his commitment to the principles of efficiency and economy.

The third part of the document is a report from the Secretary of the Navy Department, dated January 15, 1862. The report is signed by Gideon Welles and is addressed to the President. The report discusses the naval situation and the progress of the war. It also mentions the Secretary's efforts to supply the navy and his commitment to the principles of efficiency and economy.

The fourth part of the document is a report from the Secretary of the Treasury Department, dated January 20, 1862. The report is signed by Salmon P. Chase and is addressed to the President. The report discusses the financial situation and the progress of the war. It also mentions the Secretary's efforts to supply the government and his commitment to the principles of efficiency and economy.

The fifth part of the document is a report from the Secretary of the Interior Department, dated January 25, 1862. The report is signed by Caleb B. Smith and is addressed to the President. The report discusses the land situation and the progress of the war. It also mentions the Secretary's efforts to supply the government and his commitment to the principles of efficiency and economy.

The sixth part of the document is a report from the Secretary of the War Department, dated February 1, 1862. The report is signed by Edwin M. Stanton and is addressed to the President. The report discusses the military situation in the South and the progress of the war. It also mentions the Secretary's efforts to supply the army and his commitment to the principles of efficiency and economy.

The seventh part of the document is a report from the Secretary of the Navy Department, dated February 5, 1862. The report is signed by Gideon Welles and is addressed to the President. The report discusses the naval situation and the progress of the war. It also mentions the Secretary's efforts to supply the navy and his commitment to the principles of efficiency and economy.

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"function."

The first table will be found on the following page. All the four tables presented, I might explain, were compiled from the annual reports of the Department of Education in this province.

Table I reveals:

1. A decrease in salaries paid to rural teachers from \$4,537,062 in 1929 to \$1,938,919 in 1934-- a decrease of about 68 per cent."

THE CHAIRMAN: Has there been any change in the salaries since 1934?

MR. TITUS: Practically negligible. There may have been a tendency in the last two years to a slight increase in the amount of salary contracted for.

"The number of teachers in service remained fairly constant, showing a slight increase."

If at your leisure you wish to check that, you will find it revealed in Table IV.

"Enrolment is fairly constant except for a sharp rise in the number attending secondary schools in 1930 and 1931. Since 1931, enrolment in secondary schools has been constant."

Thus you will see that this vast decrease in salaries of 68 per cent has taken place in spite of the fact that the teaching personnel and the number of pupils to be taught has remained fairly constant, with perhaps a slight rise in each case.

Table I reveals, in the second place:

2. A decrease in salaries for the same years paid in village, town, and city elementary schools from \$3,300,00, to \$1,886,000--a decrease of 43 per cent."

I might explain that where the letters R, U and S

appear in the Table they stand for Rural, Urban, and Secondary schools. The urban schools will include the village schools.

Table I also shows:

3. The peak years for expenditure on secondary schools were 1930 and 1931. Taking 1931 and 1929 for comparison--"

That is, taking those two years which are fairly close together, 1929 and 1931:

"--we find that total expenditure on teachers' salaries rose by 13.4 per cent."

That rather sharp rise was very considerable. I do not know that I can account for the rise except perhaps to say that decreasing opportunities for students of high school age in industry or other work possibly forced them into secondary schools and caused a rather sharp rise in high school enrolment.

"Those were years of greatly increased secondary school enrolment as a consequence of which the Technical Collegiates at Regina, Moose Jaw, and Saskatoon were built and opened. This latter factor accounts for the increase in other expenditures. It will be observed that while the total spent on teachers' salaries increased by 13.4 per cent, , the enrolment increased by 36 per cent. This increase necessitated a corresponding increase in the number of secondary teachers. It is apparent, then, that during these years of increased expenditure, the average salary of secondary school teachers suffered a drastic reduction. Since the year of comparison (1931) a further total reduction of 22 per cent has taken place. Reports of the Department of Education reveal that the average salary for secondary

"school teachers in 1929 was \$2,503. For 1935, the average was \$1,729--an average reduction of 31 per cent."

When I speak of secondary school teachers, I might remark that the great body of secondary school teachers are men of university training, with specialized training in education.

"These reductions of 68 per cent for rural teachers, 43 per cent for urban elementary teachers, and 31 per cent for secondary teachers in full time employment are drastically out of line with reductions received by civil servants within the borders of Saskatchewan. Hundreds of our rural teachers are not receiving a wage equivalent to that guaranteed by our minimum wage laws to the humblest workers in industrial and business establishments."

I know that comparisons are odious, but we do not make the comparison with that thought in mind, but merely to point out that while we recognize that the industrial worker should be assured of a reasonable standard of living, whether we recognize that the same is true for the teacher or not, our arrangements for the financial support of the schools are such that it has been impossible for those in authority to guarantee to the teacher a reasonable standard of living.

Then paragraph 4:

4. The government contribution per pupil for all classes of schools shows a rapid decrease, being only about half the per-pupil contribution--

That is not the aggregate contribution.

--in 1934 as compared with 1929. While the provincial government's contribution has dropped 50 per cent the need of the pupils for a type of edu-

"cation that will fit them to become good citizens has remained the same. Perhaps, even, there has been need of an increased emphasis on education in these times of stress to preserve the morale of youth."

HON. M^r. DAVIS: Mr. Titus, is that in the light of the increased school grants, or for the period before that?

MR. TITUS: That is before 1934, Mr. Davis. You cannot judge the effects of the increased school grants yet. Then paragraph 5:

" 5. The total expenditure on elementary and secondary education decreased by nearly 50 per cent.

The figures for salary denote amounts contracted for. Not all was paid. At the end of 1934, about \$775,000 was unpaid to the teachers. At present the figure is estimated at well over \$1,000,000. This means that the percentage decrease stated herebefore were actually much greater. Further, these unpaid amounts were withheld largely from teachers whose salaries were at low levels."

We are not attaching blame; we are simply stating the fact of what has happened in the drought areas of the province. While there are only perhaps 7,300 employed teachers in the province, not all of these 7,300 have arrears of salary owing to them.

Table II, which appears on the following page, deals with provincial government grants to primary and secondary education:

"It will be noted from this table that, while the total of government aid was drastically reduced, the proportion of government aid to total expenditure shows an increase except in the year 1931."

Again that is prior to the increase in the grants taking place this year.

"In that year, 1931, government grants were reduced by 33 1/3 per cent. The total of government aid to elementary and secondary schools dropped from \$2,826,699 in 1929, to \$1,613,959 in 1935--a decrease of 43 per cent. The proportion these amounts bear to total expenditure (Table I) shows an increase from 13.2 per cent in 1929 to 15.2 per cent in 1930. The fact that government aid increased in proportion to expenditure even when that aid itself was drastically reduced, serves to emphasize the decreasing ability of the local areas to bear their share of the financial load. Add to this the fact that during this period more than \$775,000 was accumulated in arrears of salary due the teachers and the financial weakness of the school districts is even more apparent."

On page 12 there is a brief table which we can pass over quickly, but you will note from it the salaries of first class, second class and third class teachers in the year 1930 as compared with the same teachers salaries in 1936. I might say for the information of the members of the Commission that when we speak of a first-class teacher, that corresponds to the same license in the province of Ontario, and in the province of Nova Scotia it would correspond to your so-called A license. Your second class would be similar to Ontario's and to the B license in Nova Scotia. You will note that there is only one teacher left in the third class. The standard of certification has been rapidly upward, in spite of the financial adversity which the teacher has endured. The standard

of academic and professional qualifications has been rapidly upward. The number of second class teachers has also greatly decreased, and it will only be a very short period before the second class teacher will also have disappeared from the picture, and then our schools will be staffed with first class teachers or teachers of university training.

"In 1930 no First Class or Second Class teachers contracted to teach for less than \$600 per annum. In 1936, 6,160 contracts out of a total of 8,591 were for \$660 per annum or less."

THE CHAIRMAN: Are those for primary schools, or primary and secondary?

MR. TITUS: Those are for all classes of schools. The first and second class teacher does not appear very often in our secondary schools. There is only one teacher, and that teacher is probably a teacher of very long standing employed in one of our large towns.

THE CHAIRMAN: This figure of \$600 per annum relates to elementary schools, does it?

MR. TITUS: Yes, to elementary schools. We show that there are 8,591 contracts, and I stated that there are about 7,300 classrooms. That will be cleared up later, as you will see. It represents to some extent the turnover in the teaching profession in any one year.

"Of these 4,885 were for \$500 or less, and 2,311 were for \$400 or less. Only 109 out of 8,591 had a salary of \$2,000 or over (all senior teachers in cities.)

Financial Difficulties of School Boards

"Not only has it been impossible to maintain a reasonable salary level for the teacher but it

"has been impossible for boards to provide adequate equipment, library facilities, or to maintain school properties. In the entire drought area, comprising 50 per cent of the more than 5,000 school districts, the only financial resources available to the boards of trustees are the meagre government grants."

The grants until the first of July of this year were \$1.00 per teaching day; that is \$200 per year.

THE CHAIRMAN: When you refer to the drought area, are you referring to the drought area this year, or to the drought area of earlier years?

MR. TITUS: In this particular section I am referring to the year 1936, and the comparison has been with 1936. Of course, some parts of the drought area have been affected every year over a period of seven or eight years.

THE CHAIRMAN: Quite.

MR. TITUS: This has been true of a number of these districts over a period of years.

"And in many areas not generally recognized as drought areas conditions are nearly as bad. This has resulted in the depreciation of school plant and equipment approaching in many instances slum conditions. Large sums of money will be needed to put plant and equipment in condition. In 1934, only \$10,877.22 was spent on libraries in rural schools for 131,000 pupils--less than nine cents per pupil. In that year only \$7,496.12 was spent on libraries in urban schools--less than ten cents per pupil.

To emphasize these points we quote extracts from reports of Inspectors of Schools as contained

"in the Annual Reports of the Department of Education for 1934 and 1935."

The extracts refer to Library and Equipment, and Buildings and Grounds. We can pass over those two pages and come to page 15.

TEACHER TENURE

"When economic conditions in Saskatchewan and in Canada were normal, the method of financing education led to a very serious lack of permanency among teachers. There was little encouragement to make teaching a life work since experience did not bring increasing rewards. Consequently teaching became a stepping stone to other vocation, leaving the education of youth largely in the hands of the immature. The loss cannot be measured, but it has doubtless been great. The following table reveals the startling drift among teachers. Aside from the loss in the lives of young people, such fruitless training of teachers is an enormous waste of money."

The Table that follows, as you can see, reveals a startling turnover in each of the years there cited. It shows that 1,047 teachers who were teaching in 1934 were not registered in 1935. Of course, it is possible that a teacher might be out for one year, and return to the teaching profession the next year. And so on down the list. The number of teachers' contracts in 1936 was 8,591; in 1935, 8,484; in 1930, 8,273. Taking 7,250 as only the approximate number of classrooms in the province, we arrive at a turnover of 1,341 for 1936, 1,234 for 1935, and 1,023 for 1930.

THE CHAIRMAN: That means about 15 per cent of the teachers change schools each year, does it?

MR. TITUS: The second part of the Table indicates the change within the year. The first part of the Table does not necessarily mean that they change schools. It means that they drop out of the school, but no matter how it works, it means a continuous state of flux within the teaching profession, which works to the disadvantage of classroom instruction.

THE CHAIRMAN: Just to get that clear, the number of teachers' contracts for 1936 was 8,591, and the turnover was 1,341. Do you mean that in that year 1,341 changed places, or what is the significance of that figure?

MR. TITUS: They would change places yes, and in many cases dropped out. There are 7,250 classrooms to be filled, but 8,591 teachers signed contracts. It is quite evident, then, that 1,341 teachers dropped out of these classrooms.

HON. MR. DAVIS: Dropped out of the profession temporarily at least.

THE CHAIRMAN: But it does not indicate how many changes there were from school to school within the year?

MR. TITUS: No, it does not indicate that. Those figures, as a matter of fact, would be tremendous indeed.

DR. McKECHNIE: It would include that too, because for every change of school there is a new contract.

THE CHAIRMAN: Does this turnover indicate the change of schools as well as those dropping out?

MR. TITUS: I gather from what Dr. McKechnie said that that would be true.

THE CHAIRMAN: Thank you.

MR. J. R. MacKAY: There could only be 7,250 teachers engaged at any one time in the province, and if the number of contracts during the year were 8,591, the 1,341 must have been out of schools at that time.

DR. McKECHNIE: The 8,591 would include teachers who had signed more than one contract in the year.

MR. TITUS: Dr. McKechnie's point is that there would be a duplication of contracts. Now I continue at the bottom of page 15 of the brief.

"With a return to prosperity this desertion of the teaching profession in Saskatchewan will increase tremendously unless some tangible encouragement is given to the teachers to remain in service. This desertion will be greatest among older teachers who have acquired dependents. Already such desertions are apparent for during the past year teachers of long standing have sought positions in other provinces and in other vocations.

Furthermore, unless money is made available to bring teachers' salaries to a relative parity with those prevailing in other vocations, we cannot hope to attract the ablest young people into the field. The lives and characters of our children are so important that only the ablest and wisest should be their guides." Commenting on the above paragraph, I have a very close contact with the teaching profession of the province, and from the expressions of feeling I have heard I cannot help but be impressed by the fact that any revival in general economic conditions, unless it is accompanied simultaneously with an equal revival in the rewards of the teachers will be followed by an exodus from the teaching profession.

THE CHAIRMAN: Won't there be that revival in the

teachers' salaries if there is a general economic revival? Then the local municipalities will be in a better position to pay school taxes and the province may be in a better position to help.

MR. TITUS: Theoretically yes, Mr. Chairman, but practically I think that experience goes to show that there would be somewhat of a lag in the revival in teachers' salaries. You know it is a fact that most of us as individuals do not like to pay taxes; they are the last thing we like to pay or that we want increased. It would come, of course, but there would in my opinion be a lag which might perhaps be dangerous unless we make some provision to take up the slack.

THE CHAIRMAN: Surely the parents in the local municipalities should be the first to realize the importance of retaining a good teacher and of making the salary sufficient to retain a good teacher?

MR. TITUS: Yes, and in good times and in the early pioneering days of this Dominion, and up until 1921 at least, they paid good salaries to attract good teachers to this province when teachers were not available during the rapid growth of the province. The year 1921 was the peak year for teachers' salaries in the province, and since 1921 to 1930 there has been a gradual decrease in the general average of teachers' salaries. Then following that, there was, of course, a very rapid decrease which took place because of conditions over which the people of the province had no control. I do have faith with you, Mr. Chairman, that the parents of the boys and girls will be impressed with the necessity of providing good teachers, but some encouragement must be given, I think, to take up the slack until that returning prosperity is felt.

We must remember, of course, that the individual farmer has many obligations which he perhaps feels should be met before any increase is given in teachers salaries.

To continue now on page 16:

Inequalities of Pre-Depression Years

"Some may argue--

I might say in this connection, Mr. Chairman, that Mr. MacKay served on a committee appointed by the government of the province to study educational problems a number of years ago, and he will be much more competent than I am to answer any questions you may have to ask on this section.

"Some may argue that our plea for federal aid in Saskatchewan is based entirely upon the abnormal conditions existing in our schools during the last five years."

"We contend that a system that would break down as completely as the Saskatchewan system has done under the economic stress of the past six years is inadequate and insufficient. We must have a system of public education that will assure our boys and girls of adequate training for citizenship under any conditions.

It would not, however, be difficult to show that glaring inequalities of educational opportunity existed prior to the economic depression of the past five or six years, and prior to the province-wide drought of recent years. In 1917 the government of Saskatchewan authorized an educational survey of the province and Harold W. Fought, Specialist in Rural School Practise, Bureau of Education, Washington, D. C., was appointed to conduct the survey. The following quotations from his report indicate that twenty years ago these inequalities in educational opportunity were present:

'The Department of Education has just completed a statistical survey of every municipality in the province, of great interest to all thinking people. The survey shows conclusively that in a given municipality school districts vary in assessable property from a few hundred dollars to many hundred thousand dollars; they vary in rate of taxation from a mill or less to fifteen or more mills on the dollar; in enrolment, from the legal minimum to upwards of a hundred children: while there is little uniformity in daily attendance and educational results.'

Again in 1932 the government appointed a Committee to study the problem of school finance in Sask-

"atchewan. This Committee's findings were based on the school reports for 1930, a time when the depression had not yet affected teachers' salaries and school costs to any appreciable extent. Again we quote from this report: 'In the Rural Municipality of South Qu'Appelle the assessed valuation in one district is \$3,699 per pupil and in another district \$39,113 per pupil. The grant paid to these two districts in 1930 was the same, namely, \$300. One received \$5.30 per pupil enrolled and the other \$27.27 per pupil. The Rural Municipality of Sherwood has an assessed valuation equal to \$16,429 per pupil and the Rural Municipality of Redberry, \$2,669 per pupil. These are cases taken at random. They serve to illustrate the inequality of local school support. Such inequalities are inevitable in a system where the schools depend for their support upon units so unequal in wealth and where the method of apportioning grants does not recognize these inequalities.'

Space does not permit of further argument, or it would be a simple matter to mass statistics and quotations to show that the inequalities of educational opportunities which exist to-day in Saskatchewan, have always existed and cannot be eradicated while the small school unit depends for the major portion of its financial support upon taxes levied against the real property of the district. Unless the provinces comes to the aid of the district in a much more substantial way, the poorer districts will be bound to be deprived of adequate educational facilities, and by the same token unless the Dominion Government comes to the

"aid of the provinces with a substantial grant, the poorer provinces will never be able to give their children adequate training to make them fit citizens of our great Dominion. "

We come now to the section containing our Recommendations:

RECOMMENDATIONS

1. Provincial Governments should, to equalize the burden within the provinces, assume more and more of the burden of school finance up to a minimum of 50 per cent of total cost in order to relieve the burden on real property--the only present basis of local educational taxation.
2. To do this there must be federal assistance. we suggest:
 - (i) The assumption by the Federal Government of full responsibility for unemployment relief.
 - (ii) The assumption by the Federal Government of part of the public health costs.
 - (iii) Generous grants in aid of special educational services of national concern in which there are now great inequalities. Some of these are: Agricultural and vocational education, education of the blind, deaf, mental defectives, delinquents, epileptics, sight-saving, cripples, open-air classes for the tubercular. Aid should include both institutions and special classes in schools."

I might pause here, Mr. Chairman, to observe that the extent to which the federal government has interested itself in the support of education is much greater perhaps than the general public realizes. In the first place, there is the education of the Indians, who are, of course, wards of the Federal government. The approp-

riation in that regard for 1935 was \$1,655,821. It exceeded the government grants in at least four of the provinces for that year.

THE CHAIRMAN: Of course, Mr. Titus, you recognize that that is a responsibility placed upon the Dominion growing out of the taking over of the lands of the Indians, in respect to which the government has certain revenues.

MR. TITUS: Yes, I realize that, absolutely, but I am simply pointing out that where its interest arises, the federal government does assume certain responsibilities in education.

THE CHAIRMAN: That is one of the principles of the British North American Act. It is embodied there, that the Dominion has responsibility for the care of the Indians.

MR. TITUS: Yes, I realize that, Mr. Chairman.

I would also mention the Military College at Kingston, for which the federal government voted in 1937, \$368,400.00, which is almost equal to the total cost of elementary and secondary education in the province of Prince Edward Island. The Military College at Kingston conducts a type of education that is largely secondary, but again there is, of course, a special consideration in that case, the training of officers for the army.

THE CHAIRMAN: National Defence.

MR. TITUS: Yes, And then for Cadets, which is physical education, the Dominion Government appropriated in 1937, \$150,000.

THE CHAIRMAN: That is the O. T. C, you mean? Cadet training?

MR. TITUS: Cadet training.

THE CHAIRMAN: In high schools or universities?

MR. TITUS: I am referring to cadet training in the high schools, chiefly,

THE CHAIRMAN: I see.

MR. TITUS: Then prior to the vote of \$10,000,000 for technical education there was a grant for agricultural education. Then following the war there was the re-training of disabled soldiers and of those young ex-soldiers who needed completion courses. Recently there have been grants for the education of unemployed youths, and one can say that the Canadian Broadcasting Corporation is definitely educational in its functions. One might say, too, that educational services are carried on by practically every department of the government in the form of publications. I merely mention these things to indicate that the federal government does feel a responsibility as need arises, and under special circumstances, for education.

In this province it was pointed out there are three technical schools, but as Mr. Davis pointed out, only a very few thousand people actually enter into industry in this province, so as far as the industrial side of the technical schools is concerned, they do not serve a large need in this province, but rather they give the boy or girl a training which enables them to migrate and find employment somewhere else. On the commercial side the technical schools enter more definitely perhaps into the actual life of the province. But in this province agricultural training needs to be greatly emphasized, and that, of course, may be considered in the light of technical training.

We have mentioned education of the blind and the deaf. Some provinces maintain schools for the blind and the deaf, and other provinces do not. Of course,

there are arrangements whereby these people are taken care of, but I believe that the assumption of these functions by the federal government would make for economy as a whole, and I believe it would make for greater equality.

The care of mental defectives and delinquents comes closely in touch with the prevention of crime, and certainly Industrial Schools and Reform Schools for the education of delinquents are a matter of national concern. I do not think I need go any further in that connection.

Then follows our recommendation iv, but in the light of the submission of the provincial government relative to taxation, we do not stress this recommendation.

(Page 1920 follows)

Recommendation (v) deals with the appropriation by the federal government of a sum equal to 15 per cent of the provincial aid given to elementary and secondary education. At this point I should like to make a correction. In parenthesis, the statement is made: "This approximates \$19,000,000 on the basis of present grants." As worded, the statement is a bit obscure; the word "aid" should appear after the word "this", so that it would read -- "this aid approximates", and so on. And it should be \$15,000,000 not \$19,000,000. That is a rough figure based on the Canada Year Book for the year 1934 -- I mean, the figure as quoted. Fifteen per cent of that amount would be \$2,250,000, not an astounding sum to be used for equalization purposes among the nine provinces.

We have suggested in the last part of the submission a formula whereby, in our opinion, a juster distribution could be brought about, but it is merely a suggestion; a simpler and equally adequate formula might well be found.

The general principle is that the smaller the income and the greater the number of pupils the larger should be the federal contribution to the province.

The grants suggested in (v) should be made to the provinces with no other restrictions than that they should be used for the direct financing of elementary and secondary education; but the grants made under suggestion (iii) with regard to special forms of education are of course for specified purposes and may be so used.

THE CHAIRMAN: Thank you, Mr. Titus. I am sure that every member of the Commission is deeply interested in the question of education for all the youth of Canada, and appreciates the hardships which the teachers, particularly

of the elementary and secondary schools of the province, have been called upon to suffer during this period. But in so far as your brief deals with the allocation of taxation as between different sections, and the supplementing of grants to the poorer sections, I think I should point out to you that that is a matter wholly within provincial competence, and your energies, wisely directed, should be brought to bear upon the provincial government.

Our Commission has nothing to do with the distribution of grants as between different school sections, nor have we any suggestions to make with respect to the way in which government grants should be distributed.

I have nothing to add to what I have already said with respect to federal aid to education, but it appears to me that there is an assumption in this brief, as in some others that have been brought to our attention, that there is some sort of treasury down at Ottawa from which unlimited sums may be drawn for useful public services. Unfortunately, that is not the case.

In six years, I believe, the public debt of Canada has increased by over \$800,000,000 and it has pretty nearly reached the point where Canada cannot, consistently with maintaining her financial position, continue to add to that debt. It must be reduced.

Everywhere there is an outcry against the burden of taxation. We shall have the same cry against that burden in Ontario and Quebec as we have heard here, perhaps not with the same reason, but that cry will be made. A country must live within its means. It is perhaps unfortunate that it is so, and no doubt we should be better off if we had more money to spend for useful purposes. But everyone must cut his coat according to his cloth,

and in Canada federally, provincially and municipally, we have been cutting a good deal more coat than we have had cloth for, with the result that we find ourselves in our present position.

I mention this only because I feel that, to encourage the impression that there is any chance of the Dominion making large subsidies for educational purposes, is simply to create a false hope, where energies might be directed in ways that would tend to ameliorate a very difficult and trying situation with which every one sympathizes.

I am bound to say that the heroism has been marvellous with which the teachers in the rural schools of the province have carried on, with the low salaries they have received during this period, and it is enormously to their credit; every one should feel a debt of gratitude to them for the admirable part they have played.

I can assure you, Mr. Titus, that we will give the most careful consideration to all the recommendations contained in the brief, and we appreciate the clear and forcible manner in which you have presented for our consideration the point of view of the teachers of the province.

MR. TITUS: Allow me to thank you, Mr. Chairman, for the consideration you have shown. We appreciate your position and we want to assure you that we simply desire to do what we can to contribute to the well-being of the Dominion as a whole.

EXHIBIT NO. 62: Brief of Saskatchewan Teachers Federation.

HON. MR. DAVIS: On behalf of the province, Mr. Chairman, I should like to associate myself with your remarks with respect to this brief, which I think is an excellent one. As a province we are fully cognizant of the importance of education in our provincial set-up.

We realize the difficulties under which the teachers of this province have been working in the last few years, and I believe that the teachers themselves know that the moment the opportunity presents itself, the moment we have shoulder room in which to move around, we will do our best to rectify the present position and strive to make sure that in the future the condition they have to cope with now will not repeat itself, if it can possibly be avoided through a provincial policy.

At this point I would ask that the President of the University of Saskatchewan be heard for a few minutes. He will have certain things to say with reference to the place of the University in the life of the province. In this connection I would emphasize the importance we attach to the University in the life of Saskatchewan, and possibly the situation could not have been brought better before your Commission than it has been in the brief which is now submitted to you.

When we decided to prepare a brief for submission to the Commission we turned to the University of Saskatchewan. We decided to utilize as far as possible the services of our own men in the province.

THE CHAIRMAN: You have shown your wisdom.

HON. MR. DAVIS: I agree with that, Mr. Chairman. We have shown our wisdom, and I can assure you that the work which they have done for the province is appreciated by the government. I am sure also that I speak for the people of Saskatchewan when I say that they too appreciate it.

In this province, through the University, we are training and sending into the world a large number of very brilliant students. Comparisons are always odious, of course, but I think I am safe in saying that we can compare

favourably with the other provinces.

Sometimes we are told that in an agricultural province such as this the education of the youth should stop at the eighth grade; it is suggested that any one who is going to engage in agriculture has acquired sufficient education at that point. We do not agree with that.

In our opinion, every available opportunity for education should be afforded the people of the province, even if, in the ultimate result, they decide not to remain in agriculture -- even if they go to other parts of Canada or for that matter in the world at large.

If our youth have brains and ability enough to push themselves ahead, we think it is the duty of the state, in so far as it lies within its power, to see to it that ample opportunity should be given them.

As regards the men of the University who have done the major work in the preparation of the brief, it is interesting to know that practically everyone of them has come from the farm. They are farm boys of this province or of the province of Manitoba. That is an interesting fact that should not be lost sight of. Those members of the staff of our University who have participated more particularly in the preparation of this brief are representative of the farm life of the province. With your permission, Mr. Chairman, I should now like to ask Dr. Thomson, the President of the University of Saskatchewan, to address you briefly.

THE CHAIRMAN: We shall be glad to hear what Dr. Thomson has to say.

HON. MR. DAVIS: Dr. Murray, the former President of the University, is also here, and he will no doubt answer any questions you may wish to ask concerning

any matters that he may be more familiar with than Dr. Thomson.

DR. J.S. THOMSON (President of the University of Saskatchewan): I must explain at the outset, Mr. Chairman and gentlemen, that I have come only very recently to take over the presidency of the University. I came on the first of September this year, and consequently I may not be able adequately to answer all or indeed any of the questions which you may put to me. There is, however, present this morning a man who knows a great deal more about the University than I do -- Dr. Murray -- and any questions that I am unable to answer he will be glad to discuss with you.

I have prepared a statement which perhaps is not exactly a brief. I have copies of it for the Commission. I do not intend to go through the whole of the statement. As I say, it is not exactly a brief, unless possibly in the sense of its brevity.

THE CHAIRMAN: That is an encouraging observation.

DR. THOMSON: Perhaps our purpose could have been served as well if I had allowed the Attorney General to continue his speech.

I would simply draw attention, if I may, to one or two main points in the statement which I have prepared. It is not pleading any case but simply making a statement.

There is only one University in the province. It has been in existence now for something like thirty years, and during that period has undergone a steady and, I believe, a remarkable development. The interesting fact about the University of Saskatchewan has been the building up of a unified and well integrated system of university education, which has given proper consideration to religious interests without any diversion of activity

from the main unified system, and consequently competition between degree-conferring institutions has been eliminated.

We wish to emphasize the very important place which from the outset has been given to agricultural activities. It was decided, at the start of the University, that if it was to serve the province agriculture and agricultural work, education and extension work throughout the province should be carried on through the University; and that has had a very central place.

I shall refer later on to that aspect. The University is located for the most part at Saskatoon. Since the year 1934 Regina College in this city, which was formerly the property of the United Church of Canada, has become a part of the University.

The total capital value of the University buildings is something over \$5,000,000, provided for almost entirely by capital votes from the government.

The courses of study which we offer are arts and sciences, agriculture, law, engineering, pharmacy, accounting, education, household science, music, medical science and physical education.

These courses may be described as sound and thorough within the limits of the actual provision. We have never attempted to go beyond our justifiable capacity.

For example, in medicine, we have not gone beyond the pre-clinical stage. We have never attempted anything beyond the Master's degree work in graduate courses, and therefore you might describe our courses in the University as an attempt to meet the legitimate aspirations of the young people of this province for the provision of higher education, without going beyond the reach of what we have been able to provide.

I again emphasize the appropriations we have made for agriculture. I have gone into the figures, in anticipation of my appearance here to-day, and I find that at least one-third of the total university budget goes to agricultural interests in some form or other.

We have encouraged research among the staff of the University. We believe that to keep a living intellectual interest within the University our faculty should not be engaged entirely in teaching. Of the research work that is carried on, 90 per cent of the expenditure is directly benefiting agriculture in this province.

I should like to call attention to our extension work. The educational side of agricultural extension has been handed over by the government to the University, and that includes extension lectures, short courses for farmers, women's work, work in connection with agricultural clubs and smaller organizations, and so forth. We have spent some \$52,000.

Perhaps I should refer briefly to enrollment. In our regular degree courses for the present session, we have 1,509 students; and taking the junior colleges and our associate courses, the total is 1,650. In the junior colleges -- that is to say, colleges that are integrated with the life of the University -- there are 231, and correspondence courses account for another 730, while in the summer school last year we had 1,130. A great many of these were teachers who were endeavouring to improve their qualifications; and I may add that, to all the teachers who are receiving a salary below a certain minimum, we have offered scholarships to the extent of half their fees.

That is not merely for summer schools but for the ordinary courses in the University. We calculate that

there are about 3,741 young people under instruction in some form or other in our University at the present time.

THE CHAIRMAN: Do the correspondence courses lead to a degree?

DR. THOMSON: They may lead to a degree; in some cases they do. We are, however, trying to avoid the difficulties of becoming a mere degree-conferring institution, and therefore we limit strictly the amount of work that can be done through correspondence. On the other hand, considerable pressure has been brought to bear upon the teachers of the province to improve their qualifications, and they have been doing this steadily. These correspondence courses have been of very great value to them in this regard.

In this way the University has been serving the teaching profession very materially.

I come now to the question of finance, with which possibly this Commission is more particularly concerned. Our total expenditure for the year ended June 30, 1936,-- I quote that because it is the last public statement; the year 1937 is not materially different -- was \$734,508.63.

Our sources of income are four: (1) government votes; (2) fees for instruction; (3) grants from research foundations; (4) interest on investment.

These last two sources, grants from research foundations and interest on investment, do not provide a very great deal. Our two major sources at the present time must be government votes and the fees which we collect from students.

In connection with government votes, I may explain that there is a certain statutory income which is guaranteed

us. One-third of the succession duties and one-quarter of the corporation tax collected in this province go to the University, and the remainder comes to us in the form of an annual appropriation from the legislative grant.

For this current year, 1937-38, the appropriation is \$475,000. We have collected in fees for 1936 \$156,449, and our research grants produce \$28,000 odd.

With regard to the present financial situation, we have been obliged to retrench like everyone else. The government grant has been decreased from \$675,000 odd in the peak year, 1930-31, to \$475,000 for the present year.

That reduction in grant has been borne in a number of ways. I have referred to the reduction which the staff has taken in salaries. That reduction has varied from 15 per cent in the case of the lowest paid members of the staff to something over 20 per cent among those who receive larger salaries. And of course there has been a general slashing of our research work and a limitation of services to agriculture.

We have accumulated a deficit of \$66,902.52.

THE CHAIRMAN: How is that carried -- in the bank?

DR. THOMSON: By the bank, yes; it is an overdraft from the bank.

THE CHAIRMAN: You certainly have good credit.

DR. THOMSON: Well, I think we have, sir; at any rate we have had no complaints.

With regard to the future development of the University that is of course bound up with the problematic future of the province. If there is a return to normalcy in industry and general economic conditions, then I think we may expect the activities of the University to go on increasing.

There are certain activities which we ought to be expanding. In the whole work of rehabilitation, as you will have heard from various members of our faculty, we are taking a very active share and a deep interest in connection with our drought areas, in so far as scientific research can serve these purposes.

With the new developments in adult education, we should like to be able to add to our extension work, which has been mainly in the interests of agriculture, a good deal of help in the way of adult education.

The integration of the University with the life of the province would normally lead us to expect that and we should need to have an extension in buildings. I have given the details of that. I have shown what we may look for if things come back to normal; we should expect a restoration of our normal grant from the provincial government, at least to the extent of \$600,000.

Our buildings are crowded. At present we have not got the capacity to undertake all the work we ought to be doing. We may look for capital votes from time to time from the government.

That is the case we are submitting to you. I should like, however, to say one thing more if I may. As I have said, the University aims at providing an educational opportunity for the young people of this province who have legitimate aspirations in that direction. And since coming here I have found that these young people have shown remarkable courage. I have been deeply impressed by the sacrifices that are being made in many homes in this province and by the young people themselves to obtain an education.

There is a noble story lying behind the sacrifices which the youth of the province are making. There is a

good deal of low living and high thinking going on in the University of Saskatchewan, and the investment of money in the education and equipment of these courageous young people is one that this province ought to maintain and if possible increase.

THE CHAIRMAN: Thank you, Dr. Thomson.

There are one or two questions which I should like to ask you. I am aware of the very extensive research work that is being carried on by the University in agriculture-- a high class of research work -- but I was rather surprised and disappointed at the figures given us yesterday by the Attorney General, which disclosed a limited number of students in that department.

DR. THOMSON: Do you mean, sir, in agriculture?

THE CHAIRMAN: Yes. I have forgotten the figures, but they were given yesterday.

DR. THOMSON: I have the figures; I believe they are given in the statement.

HON. MR. DAVIS: The figures given yesterday were submitted by Mr. Little of the Trustees Association and had relation to the technical schools of the province. There are few people who avail themselves of the courses in agriculture in these schools.

DR. THOMSON: We have 115 in the main course, and in addition to that there are 86 young people who are taking the agricultural association course at the present time -- that is to say, people who are not going forward to the degree. Our objective in opening the doors of the University to these young people is not to train them to become professional agriculturists. Those who take the degree course are aiming, in the main, at becoming what may be described as professional agriculturists; but these young people who are in the agricultural association

course are essentially farm youths who are taking the two-year course at the University with a view to going back and improving agriculture on the actual farm. And I may say that our policy, increasingly, is going to be that.

THE CHAIRMAN: I was mistaken. As the Attorney General has said, the figures given yesterday were in the brief submitted by the trustees, and applied to technical schools. I made a mistake there.

DR. THOMSON: If I may add another word, apart from what is actually going on at the University, there is extension work that embraces a large number of young people's clubs throughout the country. This is something remarkable. So far as I know, it is not paralleled in any other university, at any rate, any that I have had anything to do with. Dr. Murray comes to prompt me, and he tells me that there are 11,000 young people who are helped through the junior clubs.

THE CHAIRMAN: One other question. Possibly you will not feel yourself in a position to answer it or to discuss it, by reason of your recent appointment -- I understand that you have been appointed only recently.

DR. THOMSON: That is right.

THE CHAIRMAN: The question was raised in Manitoba whether, in view of the situation which exists in these three prairie provinces -- I am speaking now of the economic situation and the fact that apparently there is not going to be in these three provinces anything like the number of people that we once thought there would be -- it would not be possible for the three universities to cooperate in such a way as to reduce expenditures, particularly in connection with their scientific courses? Have you any opinion to offer in that regard?

DR. THOMSON: I understand that there has already been some consultation among the western universities. A conference was held a few years ago and questions of this kind were discussed. With regard to amalgamation, or at least cooperation, at the present time a certain amount of cooperation is actually taking place, particularly in engineering. That question has been gone into, and there are certain fundamental disciplines that must be maintained.

For example, it is fundamental to the work of arts, agriculture, engineering and science generally that you should keep going chemistry and physics and biology. These are absolutely essential and cannot be cut out. The same is true of geology.

With respect to engineering, there are certain fundamental subjects that must be kept up if you are to have anything like civil engineering, for instance. After that, you get diversification. This is already going on.

In our own University we specialize in agricultural engineering, and we have come to an agreement with the other universities that they should undertake work of a different kind.

I do not know that I have all the details, but possibly Dr. Murray can help me. Manitoba specializes in electrical engineering and in Saskatchewan we specialize in agriculture. Mining engineering, particularly coal mining, is undertaken in Alberta, and in British Columbia they specialize in metal mining and water power. Mechanical engineering is to a certain extent taught in conjunction with mining engineering. There is an unwritten agreement in this matter.

THE CHAIRMAN: You give just the first two years

of the medical course?

DR. THOMSON: Yes; and there again we look at the question in two ways. First of all there is provision of an opportunity for education for the young people of the province who desire to enter the medical profession. If we can give them the first steps--we limit the number strictly to twenty-four per year -- we are meeting their legitimate demands, because we find that the medical schools outside the province are definitely limiting the number of entrants. But we should probably be denying an opportunity to a number of young people if we did not give these first two years.

In the second place, I would point out that all that we should save in this regard would be possibly the elimination of the department of anatomy and possibly part of the department of physiology, although even that is necessary in connection with a certain amount of agricultural work. So that the saving there would not be so very great.

COMMISSIONER DAFOE: In view of the limitation of students in the larger medical schools, do your students have any difficulty when they go on from the second or third year in securing entrance?

DR. THOMSON: No, in fact they are sought after.

COMMISSIONER MacKAY: How is agricultural research in the University financed?

DR. THOMSON: It is financed mostly through government grants.

COMMISSIONER MacKAY: Provincial?

DR. THOMSON: Provincial, almost entirely, with sometimes assistance from the Research Council. We receive from the Cooperative Farmers a certain amount, but the work is almost entirely financed through assistance from the provincial government.

EXHIBIT NO.63: Submission by University of Saskatchewan.

COMMISSIONER MacKAY: You have not much assistance from the federal government in the matter of research?

DR. THOMSON: Oh no.

COMMISSIONER MacKAY: I should like to ask Dr. Murray his opinion about the National Research Council.

DR. MURRAY: I shall be glad to answer any questions I can.

COMMISSIONER MacKAY: In your opinion, Dr. Murray, could or should the activities of the National Research Council be extended to include economic and social matters, in that way assisting the universities?

DR. W.C.MURRAY(Ex-President of the University of Saskatchewan): I have no doubt that the principal limitation is the amount received from the federal government. There is a field there that is not properly worked and one that should be developed. The National Research Council has been very kind and considerate in regard to applications for aid, and there is no reason why its activities should not be extended to the social sciences. It could be carried out in the same way, the work being done in the different localities, and an account given of expenditures and of the type of investigation and the personnel involved.

I have been a member of the Council for some years and I do not hesitate to say that it is a proper field for development. It would be desirable if the money were available.

Perhaps I might say something with respect to the amount expended on agricultural research. Problems have been set for the research departments but the work has been done partly in the scientific departments. For example, the department of biology has been making very important studies in genetics, and these scientific problems have had an important bearing on plant breeding,

stock breeding for suitable types, fruit breeding and so on.

Our scientific departments are engaged in pure scientific research, but their work is all of great value to the agricultural problem. The same is true in chemistry, though not to the same extent, and partly true in physics. Agriculture has become a matter of great importance, and the work done by all these departments has an ultimate bearing on the agricultural interests of the country.

HON. MR. DAVIS: I suggest that Dr. Murray might say a word on the question of amalgamation or cooperation among the western universities.

DR. MURRAY: In 1932 a conference was held at the instance of the governments of the four western provinces, at which there were representatives of the four universities. We met in Winnipeg and undertook an investigation into the possibilities of amalgamation in various departments, having regard to financial considerations. That investigation extended over a period of four or five months and we came to certain conclusions.

There are one or two things which I might point out in this regard. We were agreed that for the future there should be an understanding -- not a written understanding but a gentleman's agreement -- for the purpose of insuring that each university, in its activities, would keep in mind what the others were doing. We agreed to something like this. In Winnipeg, a great commercial centre, we agreed that a school of business administration should be set up, and in Saskatchewan a school of veterinary medicine. In Edmonton it was understood that there would be a school of dentistry, which had already been begun, and in British Columbia a

school of medicine. There were also suggestions with regard to engineering, which Dr. Thomson has so clearly presented.

So far as future development is concerned, there will be an understanding whereby we shall avoid duplication as far as possible.

The question was discussed whether we should not scrap some of the existing schools and merge engineering. We found about 300 students in applied science or engineering in each of the four western engineering schools. If we were to put them into one institution you would have about 1,200 students, and there would be required an expenditure of at least a million dollars for building and equipment and pretty nearly the same staff, strange as that may seem; because that number of students, when broken down into classes will give you approximately a teaching unit of about 40 students.

We were rather surprised to find that the economies which would be affected were much less than appeared on the surface.

There are a number of minor schools -- pharmacy, accounting, education, commercial science and pre-clinical medicine. We examined these and found in effect that where you have regular classes in sciences and languages the addition of a course in accounting, say, leading to a professional certificate, would involve the salary of one professor and an assistant. The fees from accounting students, \$110 or \$120, the students numbering from 40 to 50, would practically meet the additional expense -- not the total expense, because you have your overhead and set-up. It would, however, provide for this additional facility. The same thing was true in pharmacy.

When we looked into the matter we found that the fees from the students would barely meet the expenses and salaries involved in the employment of these special men in these schools, and the conclusion we reached was this. We could save in one university, possibly, about \$20,000 or \$30,000, but we should lose 300 students. That is not a serious thing, but we discovered this amazing fact. In British Columbia there are no schools in law, no school in pharmacy, no school in household science; and when we looked into the matter we found that very few students went elsewhere. In household science a few went east, and there was some aid in transportation. In pharmacy, two or three went east.

The practical problem we were faced with was this. We were serving a local need and paying for the additional cost out of the fees of the students who were taking the course. In these schools we could meet the local need at practically little additional cost, because the fees of 40 or 50 students in household science, for instance, would cover the cost of the additional teachers. But when you add 300 to the number of students taking chemistry, you must provide for more assistance.

The conclusion reached by the conference was that the universities would be well advised, in planning for the future, if the opportunity arose, to make adjustments, one with another. But the amount of saving that would be affected was relatively small -- about \$20,000 for about 400 pupils. And if instruction was not given in the locality very few students would go elsewhere.

We came to the conclusion also that it would probably lead to misunderstanding if one university entered into an agreement with another and that the wiser

thing to do was to lay down a policy and let each community's conscience be the determining factor.

HON. MR. DAVIS: I wish to thank President Thomson and former President Murray for coming and explaining the situation. The Deputy Minister of Education is available and is prepared to make a statement with regard to the way in which education is carried on in the province. If the Commission wishes to hear him I will ask him to make a statement.

THE CHAIRMAN: I do not think that is necessary, Mr. Davis.

HON. MR. DAVIS: I should like to file a statement with regard to overlapping in connection with educational services as between the federal government and the province. The statement appears under the name of the Deputy Minister of Education.

Our various deputies are also prepared to state the case with respect to overlapping. I do not know, Mr. Chairman, whether you desire to hear the Deputy Minister of Education.

THE CHAIRMAN: We may a little later on, Mr. Davis. I thought we would get through with the government brief and then, if it were thought desirable, we could ask questions of the Deputy Ministers, with respect to overlapping.

HON. MR. DAVIS: From this point on, with your consent, Mr. Chairman, I thought we would conclude with education and then I would make reference to the health section on page 280 down to the end of page 284 and then ask Dr. Uhrich to say a word or two with reference to the health section.

After that has been concluded the Boards of Trade of Regina and Saskatoon will present a short brief, if it meets with your approval. My idea in proceeding in this way is, I should like to get through some of these things before I proceed from page 285. The only thing we should like to interject from page 285 on is a statement by the Minister of Agriculture, Mr. Taggart, in regard to matters pertaining to his department, and Mr. Spence desires to say something with regard to the rehabilitation work that is being carried on in the province. Professor Allen desires also to make a short statement. At the same time we may have something to say with respect to overlapping of services. When we have concluded these matters we shall have concluded all but the last section of the government brief.

THE CHAIRMAN: So far as the arrangements with the board of trade are concerned, Mr. Davis, that is satisfactory; but when we come to the question of overlapping we would rather study that as an independent subject, because it has been set out in the order-in-council that the cost of government has been materially increased by overlapping and duplication of services.

Now, that may not be the case, but it is a subject we must investigate. We found the course we took in Manitoba very satisfactory. In Manitoba we had the different deputy ministers appear before us and we asked them such questions as we thought relevant. That course gave us a picture of the situation upon which we are bound to report. There is no objection to the Boards of Trade being interjected here, and the deputy ministers speaking. But on the question of overlapping we should prefer to take that up as a separate subject at the end.

HON. MR. DAVIS: Would it be all right, Mr. Chairman,

if we stopped at page 330 of the brief, and made a separate study of overlapping services?

THE CHAIRMAN: Quite so, if you prefer that.

HON. MR. DAVIS: Then, when we deal with the final recommendation everything will be in.

THE CHAIRMAN: Yes, that will be satisfactory.

HON. MR. DAVIS: I now come to the section on education. I do not think it is necessary, in the light of the representations I have been making throughout the brief and the representations that have been made by the trustees' association, the teachers' federation and one other organization, to devote a great deal of time to this particular section.

At the conclusion of the teachers' brief I said we recognize the importance of education in the life of this province, and we recognize the difficulties under which the teachers have laboured, and the difficulties under which they are labouring at the present time. We recognize also that, under our constitution, the duty of taking care of education has been imposed upon the province, and I think that under the constitutional set-up of Canada everybody recognizes it must remain there. I do not believe there is any question about that.

No doubt, as you stated, Mr. Chairman, insofar as the teachers are concerned, there will be a remedy of the conditions under which they are labouring when crop conditions return to normal. But we must recognize that we must devise some system, if there is a recurrence of these conditions, whereby such a large burden will not be borne by one class of the community. The teachers of this province have had to make a very great contribution towards the bearing of that burden. We are going to suggest, when we come to that section dealing with grants, that some elasticity must be devised by grants

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from the federal treasury to permit the shock to be taken up more by the province than by the teacher.

Page 278 indicates the difficulties under which the teachers have been struggling in the province. The last paragraph, which I have quoted before, shows a reduction in teachers' salaries. In 1936 they were roughly seven million dollars, and in 1936 they were roughly four million dollars. A tremendous decrease is evident here. On page 279 are given figures quoted by Mr. Titus. Not only have the teachers suffered a loss of salary, but as the brief indicated, there has been a tremendous depreciation and deterioration in the school plant for the very same reason that the teachers have not been paid; namely, inability of the local school districts to collect taxes. Their major source of revenue is taxation from land.

According to the table in the middle of the page it will require a million and a half dollars to put the school plants in repair; aid for school libraries will amount to \$217,000 odd; in aid of equipment in rural and village schools, \$100,000; in aid of conveyance equipment, \$25,000. In those places where they have consolidated schools, the pupils are conveyed to the schools.

We are trying to deal with the problem now, and I believe we will be able to deal with it. There will be required the sum of two million dollars in aid of teachers' current salaries (annually). More must be done towards that end. Then, they will require the sum of \$150,000 in aid of rural high school pupils (annually). The total amounts to \$4,692,200.

I should like to read the third sentence in the last paragraph on page 279.

"It is imperative that the University
be put in a position to do extensive research
work if a successful programme of agricultural

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development is to be undertaken."

I think that is very, very important, bearing in mind the figures I gave you yesterday. In one crop year there was a loss to the farmer of 25 per cent of his crop from cutworms, wireworms and pests of that kind. A very great deal of important research work could be done in this province, which would repay in terms of money many, many times over any possible expenditure made by the province in that regard.

I want to stress what President Murray was stressing, and that is the importance of the work being carried on by the University in its extension courses. That is one of the finest things they are doing.

THE CHAIRMAN: In connection with research studies in agriculture, the same problems arise in the three prairie provinces, do they not, although they may be more aggravated in this province.

HON. MR. DAVIS: Yes.

THE CHAIRMAN: One would think that research in agriculture would not be an important feature to Saskatchewan only, but to Alberta and Manitoba as well. Is not the National Research Council carrying on important investigations as well.

HON. MR. DAVIS: I think they are, particularly in dealing with the rust problem in Manitoba.

THE CHAIRMAN: Are all these activities coordinated as efficiently as they might be in order to get the best results with the smallest expenditure necessary for efficiency?

HON. MR. DAVIS: Might I ask President Murray to answer that.

DR. MURRAY: In connection with rust resistance the three prairie universities and the research council are working through a common committee. Each place takes a

specific phase of the problem. That is true of soil as well. So there is no doubt about that work.

THE CHAIRMAN: Thank you, President Murray.

HON. MR. DAVIS: That concludes the section dealing with education. We come now to health services. The fairly large expenditures for health services appear in statement 14, appendix A. We went through that the other day. I should like to read this section:

"HEALTH SERVICES. The fairly large expenditures for health services appear in Statement 14, Appendix "A", largely under the heads Public Health and Public Institutions. There is every indication that such expenditures will increase. Indeed, there are several imperative needs at the present time.

There is at the present time, a very urgent need for the following: (1) a new mental hospital with a capacity of twelve hundred beds; (2) two cancer hospitals with a capacity of thirty beds each; (3) A home for incurables with a capacity of two hundred beds.

Our two mental hospitals are greatly overcrowded, which interferes very seriously in providing adequate treatment towards the rehabilitation of these patients. In fact the overcrowding is so acute that a new institution of 1,000 beds could be filled to capacity with the present patient population."

That is an astounding fact, but it is the situation that exists in this province.

While the cancer work in this province has been making progress, it is realized that a proper objective can not be reached until both the diagnostic and treatment facilities are restricted to a closed staff. Some provision must be made for dealing with this problem, similar to that in which

the tuberculosis problem has been attacked.

There is practically no provision for looking after incurable cases at the present time. They are admitted to the Old Folks Home, which is overcrowded, and to other institutions throughout the Province, being mixed with other cases who may be acutely ill, or maybe senile but not physically ill."

At the bottom of the page we indicate the capital expenditures absolutely necessary in that regard. We must expend \$3,926,500. to take care of the requirements which are absolutely essential in this province.

THE CHAIRMAN: Mr. Davis, why do you need a special cancer hospital as distinct from another hospital in this province. Why are not the cancer patients treated in the general hospital, the same as other patients?

HON. MR. DAVIS: Mr. Chairman, I presume Dr. Uhrich will answer that. I would judge the answer to that question is to be found in the fourth paragraph.

"While the cancer work in this province has been making progress, it is realized that a proper objective can not be reached until both the diagnostic and treatment facilities are restricted to a closed staff."

As I understand it, Dr. Uhrich wants a staff specializing in cancer and not have everybody dealing with it. They are making great progress in the treatment of it in the small institutions, but it should be treated where medical men do nothing else but specialize in the disease.

THE CHAIRMAN: Do any of the provinces provide special cancer hospitals where all cancer patients are treated?

HON. DR. UHRICH: At the present time you do not have special cancer hospitals in the dominion of Canada,

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except where facilities are provided for radium work. Radio is given in certain specialized parts of hospitals, if I may put it that way. In the United States they have quite a number of special cancer hospitals where the treatment and the diagnosis of cancer is carried on in a scientific way.

HON. MR. DDAVIS: I am stressing those figures at the end of the page. We hope an arrangement will be made to enable this province to obtain that money. That money must be secured on capital account, and must be borrowed.

THE CHAIRMAN: I quite appreciate its importance and value, and ideally no doubt, it may be a good thing, but unfortunately in this country for some time to come we have to live a little short of the ideal and deal with the situation as it exists.

HON. MR. DAVIS: That may be, but let us deal with the first item, "New Mental Hospital".

THE CHAIRMAN: These, I believe, are essential.

HON. MR. DAVIS: There is no question about that. That simply has to be done. I was thinking this morning as Professor Thomson was referring to the capital expenditures of the University, how necessary it is for this province to maintain its credit, because in the future we must have credit to take care of some of these things that are essential. We hope this Commission will come to such an arrangement that will enable this province to maintain its credit. On page 281 we show the new increases to yearly expenditures which will be attendant upon the furnishing of the expenditures of the capital items referred to on page 280. May I draw your attention to a very striking sentence in the next paragraph on page 281. The sentence reads as follows:

"Medical science has advanced to such an extent that intricate and expensive diagnostic and

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treatment facilities are essential. In the case of serious illness, the well-to-do and the indigent are in a more favourable position than the middle class."

That is a statement of fact, strange as it may be.

THE CHAIRMAN: I think it is true; I believe it is true all over Canada.

HON. MR. DAVIS: I am not going to deal with this report because Dr. Uhrich will deal more extensively with it. I should like to read the first full paragraph on page 282.

"No contribution is being made at the present time by the provincial government, but it would appear that the time will arrive when all of these units will be welded into one organization, -- " The reference there is to the municipal units.

"making provision for the addition of further units as they develop, and thus evolve a provincial set-up which will provide medical, surgical, hospital and nursing care."

You had explained to you the other day by the rural municipalities what they are doing in the way of health services. I think their objective is the ultimate extension of that in the municipal units to a point where they can amalgamate in health matters, which will be the first real step towards state medicine.

The middle paragraph on page 283 is important. Dr. Uhrich will deal with that. The paragraph indicates how difficult it is to start any system of state medicine in this province depending upon taxation. We think of state medicine as something that is free; but nothing is free; somebody is paying for it. It may be free to the individual, but the taxpayers would have to provide the

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funds. On the present basis of taxation, the taxes will have to come out of the land in this province.

This paragraph stresses the fact that so far as tuberculosis is concerned in this province the cost of taking care of it is borne by a tax charged against the land, but the anti-tuberculosis league have unpaid taxes due them by the municipalities to the extent of \$650,000. The municipalities, no doubt, have not been able to collect from the taxpayers because of the inability of the taxpayers to pay the taxes. A system operated in that way is up against difficulties, as is shown by the position financially of the anti-tuberculosis league. It shows how difficult it is to start any system of state medicine, desirable as it may be, if the funds wherewith to operate it are based upon land taxes in this province.

Now, Mr. Chairman, I do not think I shall say anything more in that connection except to ask Dr. Uhrich to make his comments.

THE CHAIRMAN: We shall be very glad to hear Dr. Uhrich.

HON. DR. J.M. UHRICH was called.

HON DR. UHRICH: Mr. Chairman, it is not my intention to take up a great deal of your time, as the details of our suggestions are set out in the brief submitted to you. However, I feel that perhaps certain explanations should be superimposed upon the brief as it is set out here. The first question that is set out here is the necessity for a new mental hospital, and that has been mentioned by you, Mr. Chairman.

In this province we have two mental hospitals, one situate in the northern part of the province and the other one situate in the south. Our northern mental hospital was built in 1914 with a capacity of about 800 patients.

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The southern mental hospital came a little later. It was opened in 1921; its capacity was 1200 patients. At the present time we have in the mental hospital at Battleford in the north 1400 patients, and nearly 1500 in Weyburn in the south. That may seem as rather a large proportion of increase, but may I point out to you, Mr. Chairman, that it seems to be the average increase all over the North American continent. The increase in mental patients in the province of Saskatchewan is not any larger than in Ontario or in some of the cities of the United States. Sometimes the impression is created that our drought condition and the economic condition in the province of Saskatchewan, particularly in the southern part of Saskatchewan, is a large factor in the increase in our mental hospitals. As a matter of fact, when we compare our admissions with the eastern provinces we find that they are practically on a par. So we conclude from that fact that the drought condition is not such a factor as some people imagine it to be.

THE CHAIRMAN: You said your hospital in the north was built to accommodate 800.

HON. DR. UHRICH: 800.

THE CHAIRMAN: And you now have --

HON. DR. UHRICH: 1400 patients.

THE CHAIRMAN: How do you accommodate them?

HON. DR. UHRICH: Well, of course we just put them down; we have no other place to put them. In the south our hospital was built to accommodate 1200, but we have 1800 patients there at the present time. That shows the necessity, of course, for another mental hospital, and as pointed out in the brief here, that means an expenditure of capital money and also making provision for the maintenance of the extra hospital.

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THE CHAIRMAN: Are there patients who should go to mental hospitals, but who are not there at the present time.

HON. DR. UHRICH: Well, Mr. Chairman, I believe I could say yes to that, but there are certain --

THE CHAIRMAN: What I mean is are there really urgent cases that you can't accommodate because of the extreme pressure you have had to put on those two hospitals.

HON. DR. UHRICH: I would say, Mr. Chairman, at the present time every patient who is legally committed we will find a place for in the two mental hospitals, no matter where we have to put them. I admit that the overcrowding is so terrible that sometimes we have to make very peculiar shifts, but we do as much as we can, and no patient has been turned down yet.

THE CHAIRMAN: Thank you.

HON. DR. UHRICH: I should like to say a few words regarding the second item, "two thirty-bed cancer hospitals." I admit, Mr. Chairman, and members of the commission that this may be to some extent a little idealistic. However, judging from the lesson that we learned from the set-up that we have in this province in regard to tuberculosis, I feel as minister of Public Health, and some of my colleagues in the medical profession feel that the ideal set-up for cancer would be a set-up similar to the one we have in regard to tuberculosis, especially when we consider that cancer today is the second greatest killer in the Dominion of Canada, being exceeded only by heart disease. Tuberculosis has come down from sixth place to twelfth place. So far as our own province is concerned the mortality from tuberculosis is the lowest in the world.

THE CHAIRMAN: The lowest in Saskatchewan.

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HON. DR. UHRICH: The lowest in the world. Saskatchewan is the lowest in the world.

THE CHAIRMAN: That is remarkable.

HON. DR. UHRICH: We feel, because of the very great advances we have made in tuberculosis, that we could perform just as beneficial a service with a similar set-up for cancer. Now, that may be idealistic. I have information to the effect that in some of our eastern Universities and eastern cities they have special cancer hospitals. We have in Saskatchewan what is known as two diagnostic cancer clinics. Some years ago the province purchased \$100,000 worth of radium and we set up two cancer clinics; but they are only diagnostic, and only part of the treatment of cancer is carried on in these clinics.

For instance, a patient will come in for diagnosis, and the diagnosis is practically free to him. The clinic is set up as a permanent place in connection with a hospital in the south, and there is one in the north. If the patient requires radium treatment that is supplied by the province, and what is known as deep- x-ray therapy is also supplied by the province, because we have purchased radium. But if the patient requires surgical treatment we make^{no} provisions for the surgical treatment. If he requires hospital treatment he must, by his own resources, make provision for hospitalization and surgical treatment. We feel at the present time, because we have cancer clinics, that it would not cost us very much more to have cancer hospitals. Of course, there would be the capital expenditure outlay and the maintenance of them but we feel it would not cost us very much more if we had a set-up similar to the one we have with regard to tuberculosis.

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THE CHAIRMAN: Doctor, on that point, you know the enormous sums that are now being expended in research?

HON. DR. UHRICH: Yes.

THE CHAIRMAN: In an endeavour to try to discover some cure for cancer other than surgical, which has been very successful, or radium which has been very successful also. You know of the research that is going on towards a better treatment of the disease.

HON. DR. UHRICH: May I just make this remark.

I think the province of Saskatchewan with less than a million people and the resources that it has, would make a mistake if it tried to go very thoroughly into the research field, when we find such large institutions as the Rockefeller Foundation and other large eastern institutions and institutions in Europe carrying on that work. We feel that they are better fitted and have more money to do that research work, as far as the cause and treatment of cancer is concerned.

THE CHAIRMAN: My difficulty is this, doctor; so far as radium treatment is concerned you can supply it through your existing set-up.

HON. DR. UHRICH: Yes.

THE CHAIRMAN: So far as surgical treatment is concerned, why cannot it be supplied in the ordinary hospital as is done all over Canada today?

HON. DR. UHRICH: Mr. Chairman, it is being supplied in the hospitals in the province and cities just as is done in other cities. The other alternative is this. Since we are supplying radium treatment to our cancer patients, and surgical treatment must be paid for by the individual patient -- he must pay for the surgical treatment and the hospitalization, whereas in tuberculosis work it does not cost the patient one solitary cent; we send him down there to the sanitarium and treat him free, and the result has been

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ominently successful -- we feel that it would not cost us much more to supply the other half of the treatment. We feel that the patients who desire radium treatment should be placed in a position where the same treatment will be accorded them as is accorded tuberculosis patients.

Now I should like to make a remark with regard to the home for incurables. We have no institution specially suited to that work at all. The attorney-general has pointed out in the brief that we have some of these incurables in the home for the aged. That is really not the place for them. There is quite a difference between a senile patient and an incurable patient. Sometimes these incurable patients are found in our hospitals; they are cluttering up the beds in our hospitals, and, of course, it is very expensive for the patient. I believe this is a social service which the state should look after.

I should now like to say a word or two about hospitals in the province. The grant which is paid by the province to assist hospitals in the province has been a very generous one when we compare it with our other western provinces. Our statutory grant to the hospitals is 50 cents per patient per day, without any limit to it. I understand in Manitoba it is limited to three months, and in Alberta they have a limit of 45 cents a patient and children 25 cents. We have been rather generous. We have found, though, that during the last five or six years, particularly with this drought condition existing in the province, the hospitals have had a hard time to carry on. I found, for instance, one hospital in this city which has outstanding accounts due them from the rural municipalities of the southern part of the province amounting to \$263,000.

In the old days when the municipalities had tax paying abilities, when we had crops, there never was any

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trouble for the hospitals. But, these people come from municipalities in the drought area, and are on relief. They cannot pay for hospitalization, neither can some of the municipalities. Some of the municipalities in the drought area, as Mr. Spence pointed out, are in such a financial position that they cannot possibly make provisions; consequently our hospitals have been carrying that great load. In order to assist them to carry that load we have made an additional grant, paying hospitals in the drought area -- that is, the federal drought area -- an additional 75 cents for all patients who are hospitalized from the drought area.

The drought area contains some 175 municipalities and local improvement districts. Seventy five cents extra are paid plus the 50 cents statutory grant for all patients who come from the drought area. In the marginal area and the local improvement districts we have reduced the 75 cent extra relief grant and pay them 50 cents. So our hospitals in the areas known as the marginal areas got 50 cents, and the patients from the drought area got \$1.25. We find that the average cost of hospitalizing patients in the province is \$2.25. That includes our sanitarium, and particularly the hospitals in the cities. Their operating costs are higher because they have to give a good deal more expensive service than the smaller hospitals in the province.

I shall now refer to medical service by physicians. It has been pointed out by the Attorney-General in the brief that we have some 130 physicians in what is known as the federal drought area where practically 100 per cent of the people are on relief. We have given these physicians a grant for the last two years. We have asked them to report their earnings. We know that the average cash

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earnings of the physicians in the drought area during the last two years is \$27.00 a month. We could readily see if some assistance were not given these physicians there would be a general exodus of practically everybody from the drought area. They would go to the other provinces. Many of them have gone to Ontario; some have gone to Manitoba and some have gone to the old country. Last year we found a large number of them going to the northern part of the province. But since the drought area this year practically covered the whole province they just went from the frying pan into the fire. However, the fact remains we must have medical service for the people down there; consequently we developed a plan by which they are granted assistance. The assistance which we give doctors in the southern area is summarized elsewhere. The work of the doctor in the 100 per cent drought area is mostly rural work.

Then there is a second category of doctors. These are doctors in the smaller hospital centres in the smaller towns or cities, but they also do a certain amount of rural work. They do a certain amount of driving, around thirty miles a day. The doctor in the larger cities who does practically no rural work gets the referred cases. To the doctor in the rural area we make first of all a grant which we call a transportation grant. From our records we know that the average transportation charge of the doctor in the drought area is about \$50.00 a month. There are a few doctors, six or seven, who cover large territories and consequently have a larger transportation charge. We give them a maximum transportation grant, as we call it, of \$100.00. That is the maximum. If they drive a sufficient number of miles to spend \$50.00 a month they get \$50.00. If they do \$20.00 worth they get \$20.00; but the maximum is \$100.00. In addition to that we have made

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available for them a grant of \$150.00, which is given under these conditions .

Their net cash earnings are taken into consideration. If their net cash earnings are \$150.00 they get nothing from the grant. If their net cash earnings are \$100.00, they get \$50.00. We make it up to a maximum of \$150.00. A doctor who does not collect one solitary cent in a month is eligible to the grant of \$150.00 plus his transportation.

To the doctor in the smaller rural area which has no small hospital city or hospital town we make available a grant of \$100.00 plus the transportation grant. We think the doctor in the small town or larger town can earn a little more, because there are always some people in the towns and smaller cities who are not on relief. He has a clientele which will probably give him the opportunity to earn something.

For all the cases that come into the small town hospital we make a grant of \$100.00 a month for surgical and medical services. The doctor has to attend to these cases, and we pay one third the regular schedule of the College of Physicians and Surgeons for their services. We pay one third up to the maximum of \$100.00, and we give them transportation.

The doctors in the cities do not do any driving in the country. They get referred cases. The grant is made available for them whereby they get \$100.00 a month as the maximum, and in regard to the individual cases we allow them the schedule of 25 per cent of the regular schedule of the College of Physicians and Surgeons.

These cases are all referred cases. Everyone of these cases must be an emergency case. A great many of the cases can be attended to in the smaller hospitals. It is

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only the major surgical work that is sent to the hospitals in the city. We give them the opportunity to come to the city. We have appointed a committee of medical men who decide whether or not a case is an emergency case, and whether or not it must go to the city for medical service.

We allow the surgeon or interne \$100.00 a month. If the surgeon does a thousand dollars worth of surgery a month on these cases he will only get \$100.00; but if he does one case, his payment is based on 25 per cent of the regular schedule of the College of Physicians and Surgeons -- 25 per cent in the cities and one third in the smaller towns.

I might say a word or two regarding --

MR. ST. LAURENT: Before passing on, doctor, I should like to ask you if there is an allowance for such medicine as the doctor may have to administer.

HON. DR. UHRICH: I may mention that we have a special allowance for drugs, and a special allowance in cases where spectacles, eyeglasses, are absolutely necessary. The doctor is not asked to supply these. This is a special service which we give through the Red Cross.

MR. ST. LAURENT: I presume a doctor travelling through the rural part of the country has to carry some medicine with him and therefore has to supply it on occasion.

HON. DR. UHRICH: Yes he carries it.

MR. ST. LAURENT: The actual cost of that is reimbursed?

HON. DR. UHRICH: No.

MR. ST. LAURENT: He has to supply it?

HON. DR. UHRICH: He takes his emergency grip along; it does not contain very much drugs. If drugs are necessary for the patient he writes a prescription, and that part is taken care of through the Red Cross, outside of the few emergency drugs that the doctor carries.

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MR. ST. LAURENT: That he supplies out of the allowance.

HON. DR. UHRICH: Yes. I should like to say a few words with reference to an aspect of national health insurance. First of all may I say that this is a special service which is being given at the present time to the hospitals and doctors who supply the necessary medical service. It is simply an emergency service. In the days when we had no drought conditions in the province the municipalities were able to look after their indigents. There was not very much trouble, as we heard yesterday when the municipalities presented their brief. They were always able to take care of their indigent patients; and of course, the responsibility for an indigent person in the province of Saskatchewan rests with the municipality by statute. But we find that the municipalities are in such a position that they cannot undertake the responsibility. Therefore, some assistance had to be rendered to them.

I have a little brief here which I should like to read dealing with national health insurance. I shall file a copy, if necessary.

(Page 1964 follows)

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NATIONAL HEALTH INSURANCE

"The problem of providing adequate medical care at a reasonable cost is one of the most urgent that faces the Canadian people today; it is being discussed in various ways and the probability is that the Dominion will solve it in the way Britain and a score of the other European countries have done.

The first general intimation of the possibility of a form of state medicine for Canada was when a scheme of health insurance was included in the broad programme of social reform proposed by the last federal government. Subsequently however, the supreme court, and ultimately the privy council, declared such legislation to be ultra vires, as it infringed on provincial rights. It is now expected that amendments to the British North America Act may be provided whereby some form of federal action will be possible.

It will be noted that the brief, which the Government has presented to the Commission on Dominion-provincial relations, refers in different places to the need for a scheme of health insurance; and, while in that portion dealing with urgent needs of the people for certain health services, some discussion is made of the municipal doctor scheme with reference to preventive services, the brief recommends a national health insurance scheme as a responsibility of the federal government.

I desire to submit and support the submission by argument that the proposals regarding our urgent health needs are not contradictory, but rather complimentary to the general trend of the brief and

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recommendations for a national health insurance scheme. It might be better, and more in keeping with my conception of the requirements, if I were to describe the recommendations regarding health insurance to be rather a 'national approach' to the whole problem and not necessarily a scheme which should be administered by a centralized national body.

Perhaps I can clarify my opinion on this subject by directing the attention of the Commission to certain fundamental details, both provincial and national.

The provision for medical care by the medical profession to the people as a whole has not been a problem until recent years. It has always been the tradition of the profession that the services of a physician were available to all who required the same, regardless of the ability of the individual to pay and those who could pay should do so according to their ability and within certain reasonable limits. In other words, the well-to-do contributed to offset the loss the physician sustained in caring for the less fortunate. Until recent years this plan appears to have been reasonably satisfactory, but scientific medicine has progressed and developed. What constituted the scientific practice of medicine fifty years ago may not be so recognized at the present time.

Elaborate, expensive and intricate methods of diagnosis and treatment are now essential to the scientific practice of medicine and as a consequence the patient has to pay greater amounts for diagnosis and treatment, whether it be to the physician, the

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hospital, or laboratory. The result is the physician cannot provide the services from his own income and the patient finds it to be, in the average case, an economic handicap.

Further, the old clinical diagnosis is supplemented by x-rays, chemical tests, sera-diagnosis with an accuracy and with attainment of a certainty that formerly was impossible. These elaborate procedures are expensive. Many require special buildings, costly apparatus, men of long experience with special skill to apply them; and so, under present circumstances they cannot always be brought to the service of all the sick as many cannot afford to pay for them. The total result of all these changes is that the expense of making an accurate and fully confirmed diagnosis and of giving adequate treatment and nursing care is expensive and practically unattainable to a large portion of the population, except by charity, and charity, for the most part, leaves pauperization in its train. The ideal must always be a healthy race, each man paying for himself or paying his share of the cost of the maintenance of the common health.

Coincident with this change in medical practice, the economic status of the people has not improved to a comparative degree. Up until the time of the depression and the existing drought conditions became prevalent in this province, the provision for medical care appeared to be adequate, yet signs were very evident of the hardship placed upon a large proportion of the people when facing the payment for medical and hospital services in serious

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illnesses. The development of the municipal doctor system in this province is an indication of the efforts of the people to solve this problem by the distribution of the costs over the local community on a taxation basis, which, after all, is a form of health insurance.

So far as the economic status of the people is concerned, the brief provides a wealth of information and I need only stress that the 'no income' and 'small income' groups have materially increased, and that the 'well-to-do' group has correspondingly decreased. This is especially true of the agricultural group."

THE CHAIRMAN: Dr. Uhrich, it is now 1.00 o'clock. You may conclude your brief at 2.30.

The Commission adjourned at 1.00 p.m.
until 2.30 p.m.

AFTERNOON SESSION

The Commission resumed at 2.30 p.m.

HON. MR. UHRICH: Before continuing, Mr. Chairman, I should like to remove a wrong impression that I may have left by my remarks this morning regarding our mental hospitals. Last year and this year we built small additions to our mental hospitals to take care of about two hundred patients.

When the Commission rose for lunch I was just bringing to your attention the various changes that have been taking place in the medical profession, and in the methods of treatment and diagnosis, which in their very nature, of course, involve additional expense for the patient; and I had pointed out that:

"So far as the economic status of the people is concerned, the brief provides a wealth of information and I need only stress that the 'no income' and 'small income' groups have materially increased, and that the 'well-to-do' group has correspondingly decreased. This is especially true of the agricultural group."

Now I continue from that point:

"Legislation in this province definitely places upon the municipality the responsibility of providing medical and hospital care for those persons who are financially unable to provide this for themselves. This responsibility has not been denied and has been assumed as required, but the ability to discharge the obligations has been seriously crippled due to lack of the tax paying capacity of the people. In the rural areas this situation is very evident and the government has found it necessary to provide grants to physicians and hospitals in the drought areas, in

"order that services may be maintained and available as may be required by the people."

I have already explained that.

" It has never been denied, but on the contrary has been admitted, that the indigent sick, including the unemployed and unemployable, is the responsibility of the municipality. There is no argument regarding this group. However, there might appear to be some argument with reference to the lower income group, i.e., those who are receiving an annual income of approximately \$2,000 or less. So far as I am aware, no accurate statistical data is available as to the exact amount of illness occurring in this group, or the nature or length of the illness, or what the cost should be of providing medical and hospital care for these persons. Various commissions and others have made investigations but whether the findings are accurate and are actuarially sound may still be questioned. At the same time, from the evidence available, it would appear that any individual in this group would be unduly and maybe permanently handicapped financially in endeavouring to pay the costs of a serious illness to himself or a member of his family.

There would appear to be no question that some plan should be evolved whereby the two aforementioned groups should be provided with the necessary medical and hospital attention on an insurance basis.

- As has been indicated previously, the rural areas of this province have endeavoured to solve this problem on a taxation basis, and so long as the tax-paying ability of the people continued services could be maintained. When we consider, however, that

"crop conditions in this province determine tax paying ability, it will be obvious that some source of financial support which is more stable appears to be essential if funds are to be available for carrying on the necessary services in the face of unfavourable economic conditions. The present drought conditions have adequately demonstrated this necessity. Consequently, I submit that a national approach is required to this problem of health insurance. The economy of Saskatchewan, as argued in the brief which has been presented, demands federal security if a scheme of health insurance is to be actuarially sound.

Further, while Canada is a large area sparsely populated, distance has been practically eliminated with our present methods of rapid transit and communication. There is not such definite dividing lines between the provinces as formerly. Therefore, medical and hospital care become more intricate, yet more national in character.

Consider industry, such as railways, manufacturing or contract labour. These are national as well as provincial and often are interprovincial. Where one province may have health insurance and no national scheme is operating, there is bound to be room for much dissatisfaction and injustice among employees. For instance, where an employee in one province, which has a plan of health insurance, is required to move or is transferred to another province to work where no plan exists, many injustices so far as payment of premiums and reimbursements for services rendered might arise. When manufactureres have to pay a proportion toward any health insurance scheme it is inevitable the cost will be passed on

"to the consumer in the purchase price of the manufactured product. Why should the citizens of Saskatchewan pay a higher cost for manufactured products for an article made in Ontario or Quebec simply because one of these provinces may have a scheme of health insurance. The agriculturalist employer in Saskatchewan included in any health insurance scheme would have no opportunity under present economic conditions of passing on to any other portion of Canada his cost of health insurance. From a national viewpoint, localized health insurance may permit unfair competition in industry.

There is also the further danger that should any province institute a system of health insurance our young graduates in medicine may be attracted unfairly to any one locality. This may raise the question as to whether any other portion of the Dominion may be sacrificed so far as the number and calibre of the medical profession which may be available for the maintenance of adequate medical services.

It would appear, therefore, that there should be a national approach to the problem of health insurance and I would respectfully draw the attention of the Commission to the recommendations of the Canadian Medical Association regarding this matter. This Association has made a careful study of the whole problem and has declared itself in favour of the principle of health insurance and has recommended that a Royal Commission make a study of the problem before any local schemes are placed in operation.

There appears to be no doubt that a large proportion of the people are in favour of some form of health insurance, but I desire to intimate to the

"Commission that our opinion in making this recommendation is that this does not necessarily mean a scheme of centralized administration for the whole Dominion. We recognize how impracticable it is in the light of our economy to provide a provincial scheme that is actuarially sound, especially in view of the danger of fluctuating revenues to both local and provincial governments. Therefore it would appear necessary to have financial support from the federal treasury to ensure permanency in carrying on the necessary services. This support might take the form of subsidies based upon the requirements and tax-paying ability of each province. I further recognize the necessity for the federal government to have the right and responsibility for inspection of any program of health insurance operating in any province and to which it may be contributing financially. Such inspection and supervision would naturally be in proportion to the subsidy provided up to a certain limit.

In my opinion the actual administration of such a scheme would be under the provincial departments of health, subject to federal inspection and supervision to ensure proper administration and maintenance of adequate services. Each province has problems and conditions peculiar to itself and in view of this I am of the opinion that policies and administrative practices should be determined by provincial authorities, subject to federal determination of those general policies which may be required for the purposes of uniformity.

While curative medicine and preventive medicine do admit a very blurred dividing line, in actual practice, and most certainly in this province we

"feel there should be a coordination of the two. I would offer the opinion that it is a rare case requiring curative medical treatment where preventive measures are not necessary. It would appear that some form of health insurance or state medicine is essential if a proper coordination of both fields is to be brought into actual operation.

The question is sometimes asked--'Is the solution a Dominion wide scheme and can it be practically applied?'

The best answer to this is that some twenty-four European countries have health insurance schemes in operation, the first having been inaugurated as long ago as 1888, and not one has found reason for repeal. The great body of European wage-earners has long had its health cared for through a modified form of state medicine. The economic consequence of the depression has brought Canada to a state Europe has long known and we are facing problems Europe long since faced. Britain introduced health insurance in 1911 against vigorous opposition from many interests and amid general skepticism as to the outcome, but it has operated so satisfactorily that recently the Act was extended so that persons originally excluded from it by reason of the amount of their income could take advantage of these services.

The average citizen insures his life, his home, his car and other possessions against possible loss or damage, but yet possibly, the most important contingency of all is sickness. Is it not reasonable to insure against the unpredictable hazards of illness?

The law of averages tells us that sickness does not strike with regularity but hits a family seriously

"once in eleven years. The expense then is ten or twelve times larger than the annual average, and since there is no budgeting for this eventuality the blow is staggering and often calamitous.

Canada, when ready to introduce health insurance on a broad scale has the advantage of being able to profit by the experience of many countries over a long period of time, and under variable conditions.

In conclusion, may I state that the insurance principle applied to the provision of medical and hospital care is sound, and quite justified. The maintenance of a proper standard of health of the people is of national importance and consequently justifies the equitable distribution of costs of illness over the whole Dominion."

EXHIBIT NO. 65: Statement on National
Health Insurance by
Hon. J. M. Uhrich.

THE CHAIRMAN: Just a question on that, Dr. Uhrich. I understood you to say the other day that it would necessarily be a contributory system. Do you contemplate the whole contribution to be made by the beneficiary, save the cost of administration; or what is your idea?

HON. MR. UHRICH: My idea would be that the scheme must necessarily be or should be contributory, and that the beneficiary or the employee should contribute five-ninths of the whole cost, the employer of labour two-ninths, and the State two-ninths.

THE CHAIRMAN: Is it limited to working men then? Suppose there is no employer?

HON. MR. UHRICH: No, I would not limit it to working men.

THE CHAIRMAN: Suppose it applies to the farmer?

HON. MR. UHRICH: Yes, well, there is the difficulty,

Mr. Chairman. In our own province, 63 per cent of our people live on the farms, and the farmer in Saskatchewan is both employer and employee.

THE CHAIRMAN: Then you would have him contribute seven-ninths?

HON. MR. UHRICH: Yes, but owing to the severe economic conditions at the present time, when we have, as has already been pointed out, so many municipalities and so many people without any tax-paying ability at all, I cannot comprehend how the farmer or even some of the municipalities would be able to contribute their share.

THE CHAIRMAN: Then in your view the time has not yet arrived for introducing a system of State medicine?

HON. MR. UHRICH: Well, my view is that owing to the conditions as they exist at the present time, something will have to be done either in an economic way for the province, or the introduction of state medicine? I would draw your attention, Mr. Chairman, to the third paragraph on page 283 of the provincial brief, where we say:

"At the same time it is realized that the economy of Saskatchewan calls for the application of the insurance principle as far as possible in order that the risks may be equalized and that some degree of security be achieved. If health insurance is sound in principle, it can be achieved (1) by the adoption of such policies as will increase the tax-paying capacity of Saskatchewan to such an extent as to make the scheme financially feasible; or, (2) by the adoption of a scheme of National Health Insurance."

COMMISSIONER ANGUS: Do you mean that both these methods would be needed?

HON. MR. UHRICH: No, either of the two.

THE CHAIRMAN: If you could devise some method to give us rain in season, Doctor, that would help solve the first one by increasing the taxpaying capacity of the province.

HON. MR. UHRICH: Yes. Under the conditions which exist at the present time it is financially impossible for the province to introduce any scheme whatsoever of insurance that is on a contributory basis because the municipalities and the farmers and our people generally cannot bear that additional expense which would come, of course, with a national health insurance scheme.

COMMISSIONER ANGUS: Would a national scheme not also be contributory?

HON. MR. UHRICH: Yes, I suppose it would, but at the same time the contribution could be made in various ways. The national government can raise taxes in different ways from the province.

COMMISSIONER ANGUS: I meant contributory by the insured.

HON. MR. UHRICH: Yes, I think it should be contributory.

COMMISSIONER ANGUS: Well, is it not as difficult for the farmer to pay a contribution to a national scheme as to pay one to a provincial scheme?

HON. MR. UHRICH: We know that at the present time the farmer is making contributions to the taxes which the Dominion Government is raising in certain ways and which the farmer could not make if the scheme were a provincial one; and under the conditions which exist at the present time the farmer could not possibly carry any greater tax

burden. But as I pointed out to the Commission the other day, and I suppose it will be all right for me to mention it again, we have had it demonstrated in the province, in the case of our anti-Tuberculosis League, that so far as the disease of tuberculosis is concerned, we are absolutely on a State medical basis, if I may use that term. The revenues of the anti-Tuberculosis League come, first, from the government, and secondly from the municipalities. The government pays \$1 per patient per day, and supplies the capital, the sanatorium and equipment; and \$2.25 is the average cost of operation to-day, as compiled by the various municipalities in the province, both urban and rural. Up until 1929, and even in the last few years, because there were still a few resources left in the municipalities after 1929, the scheme worked beautifully, with no trouble whatsoever; but at the present time, owing to the fact that the municipalities have no way of paying their share of that levy, they owe the anti-Tuberculosis League between six and seven hundred thousand dollars, with the result that the League had to look to the government and provision had to be made whereby the League could carry on, because otherwise they could not carry on. My opinion is that for the time being a health insurance scheme, unless the hospitals were subsidized by the federal government, would meet the same fate. If you are going to rely solely upon the tax-paying ability of the municipalities and of the people, and if the people have no tax-paying ability, of course, you cannot put it over.

COMMISSIONER DAFOE: That is, a national health insurance scheme is not feasible at the moment, at least for Saskatchewan, if it involves individual contributions?

HON. MR. UHRICH: That is correct, if it involves individual contributions, because I cannot see how the

individual has the ability to pay at the present time.

COMMISSIONER SIROIS: Does that scheme necessarily involve State medicine? Do you mean that it would involve the provincial medical services becoming part of a system of State medicine?

HON. MR. UHRICH: Yes. All the medical services, hospitals and all those other things which are considered a part of medical services are controlled and administered by the State.

THE CHAIRMAN: Would you have the Doctors State officers in that sense ?

HON. MR. UHRICH: Not necessarily because when I look at the English scheme, for instance, there the panel system is in vogue. Of course, I do not think the panel system would be applicable to our population here, but in England, under the panel system, a certain number of the population, some 2,500 individuals, pay insurance into a central fund, and then each of those 2,500 individuals can choose their own doctor from the panel, and the doctor is paid from the central fund. So again, in that case, it means that the medical service is paid for from some central fund. They have their central fund set up, and here, if we are to have State medicine, some provision will have to be made by the State, be it federal or provincial, to pay the doctors from some central fund.

THE CHAIRMAN: Thank you.

COMMISSIONER MacKAY: Under the British scheme have the doctors who are serving under the panel system the right to continue their private practice as well?

HON. MR. UHRICH: Oh, yes, I think they have that right. The number under the panel system is not the same. It is restricted to a maximum of 2,500, but in some cases it is only 1,000. But the doctors are not

excluded from private practice. The benefits of the British system are confined to people of a certain income, but the law was changed this year so that other people could voluntarily come under the panel system if they wanted to.

COMMISSIONER MacKAY: Do you propose to make this scheme apply universally? Do you think it is best that everybody should come under the scheme, or only those in certain income brackets?

HON. MR. UHRICH: This matter of State medicine at the present time is in a development stage in this country, and various bodies throughout Canada, farmers' organizations, medical men, governments and associations of various kinds are making an intensive study of the subject. The province of British Columbia passed legislation last year to bring a scheme of state medicine into effect, but because of some difficulties they encountered it was shipwrecked. A referendum was submitted to the people of British Columbia in the last summer and by a large majority the people were satisfied for the scheme to be brought into effect. I do not know whether the question is to be submitted to the people of that province again, but the experience of that province does show that it is a very live and contentious question at the present time. Which is the best plan for the province or the Dominion to evolve is rather a problem at the present time, but the matter is being studied very carefully in practically all the provinces of Canada, and all public bodies and organizations are giving it very careful consideration. I could not say that this would be the best scheme or that that would be the best scheme, but I might say that on general principles some form of health insurance should be brought in, particularly in view of

the financial condition of our province at the present time, because it cost us this last year well over one million dollars for medical relief alone, and with our income in this province we cannot continue at that rate. The people are in such a position that they cannot pay for these medical services, and after so many years of these drought conditions, they cannot carry the load any more. We must have some help, some means whereby our people can receive proper medical service.

COMMISSIONER MacKAY: I am not sure that you would care to express your opinion on this, but do you think such a scheme would be more feasible if applied only to the lower income groups, those who are now ordinarily looked after under the municipal system of medical relief? Do you think it should apply only to those with a very low income or now income at all?

HON. MR. UHRICH: Practically every system of State medicine in Europe has some limit so far as income is concerned, and I noticed that the Act which was passed by British Columbia last year extended their scheme to those with an income of \$1,800 or under. The Canadian Medical Association has drafted a plan of its own, which will no doubt be submitted to the Commission. I would say that there are perhaps fifteen to twenty per cent of the people in the province of Saskatchewan who can afford to pay for their medical services, but those with lower income and the indigent, of course, are very numerous in the province of Saskatchewan at the present time. The great majority of our farm population are now on relief and are indigent, so something must be done whereby they can be taken care of. If an income limit is imposed, that is all right because the man who can pay for his medical care and enjoys a better income should have the privilege of choosing whether or not he will

come in under the scheme. For him it should be voluntary but for those with lower incomes it should be compulsory.

If I might take a few more minutes of the time of the Commission I should like to explain just how our present system of municipal doctors works out. I have the following memorandum on the subject:

Municipal Physicians

September 1937

"Legislation was first passed in 1916 to assist residents of rural districts to obtain adequate medical services. This was done by empowering a rural municipality to guarantee a physician's income up to an annual amount of \$1,500, or to offer a grant as an inducement for him to reside and practise his profession within the municipality. In the following year, grant was also limited to \$1,500 per annum.

On February 5, 1919, an alternate plan was introduced whereby it was possible for a rural municipality to employ a physician to render medical services to its people. The maximum salary was set at \$5,000 per year, which was increased in 1930 by an additional amount of \$500 for each township in the scheme in excess of nine.

In 1932 the plan was made applicable to a portion of a rural municipality as well as to the whole, as long as the area comprised at least three complete townships. A further amendment this year makes it possible to employ a physician for any part.

Also, during the same year, two or more contiguous rural municipalities were allowed to cooperate for this purpose.

In 1935 the system was extended to towns and villages, the maximum salary in such cases being placed

"at an amount equal to \$2 per head of population according to the last Dominion census.

Excluding cities, both urban and rural municipalities were given power this year to provide for their surgical needs on a basis similar to that of securing a municipal physician, with the exception that the expense involved was left to the discretion of the councils concerned.

Some measure of protection was granted at the same time to physicians already established in districts where a municipal scheme was to be introduced. When submitting the question to the electors, an expression of opinion as to the preference of physicians must be obtained.

The population of Saskatchewan is 930,893 and of this number 163,215 or 17.5 per cent live in towns, villages or rural municipalities employing municipal physicians. However, the scheme is not applicable to cities, and subtracting their combined population of 146,004, we find that 20.8 per cent of the remainder of the people reside in urban and rural municipalities that have adopted the plan." In other words 20.8 per cent of our present population have adopted the plan of municipal physicians. That is exclusive of the cities, of course.

Forty-two villages with a combined population of 8,632 have adopted the plan at per capita costs ranging from 69 cents to \$4.13, the average being \$1.72. In five of these villages the physician, in addition to providing medical services and minor surgery, is also required to perform major surgery. The per capita costs in these villages vary from \$1.27 to \$2.93 with an average of \$1.75 per annum.

"Seventy-eight rural municipalities, either wholly or in part are contained in seventy-six municipal physician schemes. They have a combined population of 153,354 or 23.6 per cent of the 650,690 people residing in rural municipalities and local improvement districts.

The average per capita cost in rural municipalities is \$2.12, the various figures ranging from \$1.09 to \$3.66. The average tax on a quarter section of assessable land is \$3.40, the figures for the different municipalities running from \$1.79 to \$6.18.

In addition to his usual duties the municipal physician in both urban and rural schemes, is in the average contract also required to act in the capacity of medical health officer, inspect schools and examine school children and conduct immunization clinics. A number of agreements permit him to make a charge for the initial visit and for certain surgery, such as for the removal of tonsils and adenoids, and so forth."

I should like to bring to the attention of the Commission that two-thirds of these municipalities that have physicians on a municipal basis are in the drought area, and that means that two-thirds of these doctors are not having their salaries paid. That is simply because when people have no taxpaying ability, neither has the municipality in which they reside, and when the municipality has not the money, then of course it cannot pay the salaries of these men. That is all I have to submit on this question, Mr. Chairman.

HON. MR. DAVIS: Might I file at this stage a statement with respect to overlapping as between the provincial and Dominion departments of health. I thought perhaps it best that we should file these as we go along,

so that the Commission would have it all before them.

THE CHAIRMAN: I would rather take this overlapping question all together, so that when we come to study our brief, we shall have the whole thing together in one group.

HON. MR. DAVIS: I had asked the deputy ministers to come, and all I had in mind was that if you had this information before they appeared, it might be more convenient for the Commission.

THE CHAIRMAN: The information might be furnished to the Secretary.

HON. MR. DAVIS: One statement has already been filed, but I will leave this with the Secretary.

THE CHAIRMAN: Thank you.

HON. MR. DAVIS: That concludes, Mr. Chairman, that portion of the Brief down to page 283, and I will now read the paragraph on that page dealing with Direct Relief.

DIRECT RELIEF

"It is submitted that the granting of direct relief must, according to the current concepts of political philosophy, be considered as a social service. It involves an intervention by the State in the interests of the security of the individual. The individual left helpless as the result of economic conditions over which he has no effective control, is just as helpless as if incapacitated by age or physical illness. Current social beliefs favour state intervention in order that the individual may obtain at least a minimum of security, and will not tolerate a policy of non-assistance.

It is further submitted that direct relief as a social service, including medical services to those on relief, must properly be considered as a matter of

"national concern. (1) It is a service of a character that can be administered nationally without danger of collision among divergent group philosophies. (2) The burden of direct relief is beyond the financial capacity of the provinces. This is at any rate true of most provinces, certainly of Saskatchewan. This proposition has been recognized, in part at least, by the action of the Government and Parliament of Canada. A large share of the burden of direct relief has been borne by the National Government. (3) Complete assumption of the burden of relief by the Dominion affords a means of equalizing, to some extent the unequal incidence of certain national policies, particularly the incidence of the customs tariff, on the various provinces of Canada."

That is the conclusion of that section, Mr. Chairman. It would appear that the trend is towards that objective, except that it seems to be the policy of the federal government that there should be a classification, first of all, between unemployables and employables, and that the municipalities and the provinces should take care of the unemployables and the federal government assume a greater degree of responsibility with respect to the employables. If the policy of more or less nationalizing the Employment Offices of Canada goes into effect, then the Dominion would have complete control all the way across Canada, and if there were unemployment in Saskatchewan, for instance, something could be done to assist those who are unemployed but employable to prepare themselves for employment and move them to some other place in Canada where employment was available. That is all I am going to say on this section of the Brief, but it is a very important section because this burden of unemployment relief has hit the province of

Saskatchewan and our municipalities more heavily than any other.

COMMISSIONER MACKAY: I take it from your last remarks, Mr. Davis, that you are in general agreement with that policy of separating the employables and the unemployables.

HON. MR. DAVIS: I can only speak for myself personally because this matter has not been the subject of discussion by the Government and I could not commit the Government of Saskatchewan to any policy in the matter, but it is my personal opinion that ultimately that is going to be the solution, that responsibility for the unemployed will be on the province and municipalities, and that when conditions arise where the employable cannot secure employment, the federal government should step in and assist in taking care of them because they have the facilities for moving groups from one province where there is no employment, to another where employment is available.

COMMISSIONER MACKAY: When you speak of direct relief, you are referring to aid for the unemployed, not for the unemployables?

HON. MR. DAVIS: Yes, but as I say, I am simply expressing my personal opinion.

Having completed that section, Mr. Chairman, we are going to ask the Boards of Trade, of Regina and Saskatoon to present, with your consent, their representations on this matter.

I should like to be permitted to express an apology to the Gentlemen of the Press. They wish to know so far as it is possible each night what will be the agenda for the following day, and when we interject

something into the proceedings of which they had not notice, it is rather inconvenient for them, and I am sorry that I was unable to give them notice last night of the Boards of Trade coming on to-day.

Possibly also my remarks yesterday with reference to the telegram from Nova Scotia may have been taken as indicating that I thought my remarks had been misconstrued by the Press. Looking back over the Brief I see that we did use the term "subsidy" in connection with the Maritime provinces, so if there was a mistake made, it was made by us, and not by any member of the Press who prepared his despatch for the Maritimes.

May I now introduce, Mr. Chairman, the President of the Regina Board of Trade, who is to present their Brief, Mr. Thornton, who is also, I might mention, Chairman of the Provincial Power Commission. He is appearing here in his capacity of President of the Regina Board of Trade.

SUBMISSION BY

THE REGINA BOARD OF TRADE:

MR. L. A. THORNTON (President, Regina Board of Trade):

Mr. Chairman, and members of the Commission, as a word of preface, I would say that our statement to be submitted to you is a more modest one than many of the representations you have already received. We recognize that the contribution we have to make here cannot be as interesting to you as those coming from governmental bodies and institutions of that kind.

We are not in a position to submit a great deal of detail in connection with our works, but we were confident, in submitting our statement in general terms that many of these details would be dealt with in the provincial statement.

Many of the matters touched on in our statement and in the recommendations made appear to have been dealt with in the provincial brief, but there has been no collaboration in connection with the preparation of the statement. That these statements are in some measure parallel is due to the fact, I suggest, that the subject matter is one of obvious common interest here, and for that reason we have directed our attention to it.

THE CHAIRMAN: Studious minds think alike.

MR. THORNTON: Thank you, sir. The other prefatory remark I wish to make is that, if we have made some reference here to governmental efficiency, it is not with any idea of directing criticism at our governments or our public men of the day. We recognize that, particularly in the last few years, our public men have been giving a service which possibly has not been generally appreciated as fully as it might be. They have had to face a very difficult situation, and particularly in the west we believe that matters have been handled in such a way as possibly to avert what would otherwise have been very grave consequences.

With your permission, Mr. Chairman, I should prefer to read the brief. Actually it is really very brief. However, if it is your pleasure that I should simply discuss it I will do so, though I think that better time would be made if I were allowed to read it. As I say, it is not long.

THE CHAIRMAN: Whichever you think is the more

expeditious, Mr. Thornton.

MR. THORNTON: The brief reads:

" 1. The Regina Board of Trade, realizing the great national importance of the questions which you have been appointed to study, feel that it is their duty and privilege to assist your Commission by presentation of certain facts and viewpoints within the knowledge and scope of this Board of Trade.

2. The Regina Board of Trade, being an organization primarily of the business men, firms and companies carrying on business in Regina, feel that they can make their best contribution by confining their attention in this memorandum to matters which have a bearing on business as carried on in Regina. By this we do not for a moment mean that we are going to restrict ourselves to drawing your attention to merely local matters. On the contrary most, if not all, of the matters to which we refer are matters of general application but, while they are such, at the same time they are matters which touch us closely as business men in Regina and upon which, therefore, from that point of view we think we should be able to speak with some authority.

3. We wish to mention firstly three things of a very general nature which will be set out briefly not because of any lack of importance (the contrary being the case) but because we anticipate they may have already been, and will be in this and future sittings, emphasized time and again by other persons and bodies.

4. The first of these is the increasing burden of public expenditure, resulting in an ever

"increasing share of private and corporate income being required to be taken by governmental authorities for public purposes."

THE CHAIRMAN: I do not think that point has been unduly stressed before us so far.

MR. THORNTON: To continue:

" It is but to repeat an accepted fact to say that the diversion of an excessive proportion of the national income into governmental channels hampers and restricts that expansion of productive enterprise through private effort upon which the progress and prosperity of our country must depend. And we admit that happily under our system of government the extent to which governments should increase expenditures, should "go into business" as it is called, and should enlarge services of various sorts is in the final analysis a matter within the control of the people themselves. We admit also that governments themselves could do a great deal in the way of more efficient and economical administration of services. But the field is a very large one. Different parts of it are liable to get out of touch with one another. As the burden of public expenditure cannot fail to be brought before your Commission, that Commission can in turn do good service in bringing to the public and governments a realization of the facts and of the vast importance of the problem and the necessity on the part both of governments and of the people of fully appreciating the situation and firmly taking the necessary steps to keep it in hand.

5. The second burden under which business is carried on in Regina, and of course elsewhere,

" is the multiplicity of taxing bodies. In Regina, for example, we have the dominion government, province of Saskatchewan, city of Regina, Collegiate Board and the public and separate school Boards, all with separate and distinct authority to levy taxes, and without any control the one by the other. Responsibility being thus divided it is but natural that each taxing body will proceed without much consideration of what is being done by other taxing bodies. The man in business never knows where he is going to be hit next. He may lay his plans according to a certain taxation set-up and have them entirely thrown out of balance by the action of any one of several bodies. It is submitted that it would be of very great advantage if the number of taxing bodies were in some way limited. In doing this it is, of course, necessary that the spending bodies be kept reminded of their responsibilities as taxing bodies. Expenditure divorced from the raising of the monies expended is dangerous.

6. The next general point is really an enlargement of the former; not only is there the duplication of taxing bodies but more than one of these taxing bodies have power to levy the same sort of tax. This results in an excessive burden being placed on one source of taxation. And it also obviously results in waste, with two bodies collecting the same sort of tax over the same field.

7. We refer under this last head particularly to the income tax. We are further informed that, owing to the limitation of the powers of the province to "direct taxation within the province", the provincial levy of income tax is hedged about with

"difficulties and restrictions in many ways and, therefore, the duplicate collection of income tax by the dominion and the provinces is not only onerous and extravagant but inefficient. We would submit that income tax should be collected by one authority only, namely the dominion, as the dominion not only has the jurisdiction to collect it but income has become more and more a matter arising from operations in and receipts from more than one province. The income tax and its collection should be assigned solely to the dominion and, having gone into the coffers of the dominion government, would be available as part of dominion revenues for the financing of services which, as we shall subsequently mention, should be taken over by the dominion and for better enabling the dominion to render the necessary financial assistance to the provinces, with respect to the basis of which we shall also have some comment to make.

8. Similar remarks must be made with regard to succession duties, except that here the conflict is between different provinces, not between the dominion and the provinces. As at present administered there is no tax which gives rise to more resentment and feeling of injustice than the succession duty levies. This is particularly owing to the duplication by different provinces of the tax upon what looks to the layman, and in reality is, the same thing. At present provinces which may have had only a minor part to play in building up a personal fortune obtain all the benefits to be obtained when it becomes the estate of a deceased person. These and similar inequities could be

"avoided and much greater efficiency obtained if succession duties were levied and collected by dominion authority, the proceeds to be used as in the case of income tax mentioned above.

9. To turn now to matters affecting us more particularly as business men in the city of Regina. An examination of our municipal finance shows that the reason to which may be laid by far the greatest part of our financial difficulties as a municipality is the share of the burden of relief thrown upon the city. The relief of the poor and the destitute was under Confederation assumed to be a local matter but it is submitted that under present conditions it is entirely illogical to extend that duty to cover what is known as unemployment relief at the present time. Local authorities have neither any control over the causes which regulate, decrease or increase the amount of employment, nor any power to apply the remedies for those causes.

At the time of Confederation, trade and business was local. The local mill, the village shoemaker, the village tailor, and so on, supplied very largely the wants of the local community. This is now entirely changed. The small every day wants of the people are catered to by corporations whose operations are country-wide. In fact hardly any production business nowadays can succeed if its market is confined to the local community. The municipality, and, indeed, the province, cannot regulate and control these large businesses.

Trade policies are matters of dominion concern. It is on trade policies regulated by the dominion and over which the provinces and municipalities

"have no control that the outcome depends as to whether these large businesses, and in fact, for that matter, such small businesses as are left, can or cannot continue in existence and continue to employ labour.

And while locally, either as a province or municipality, we have not now control over the conditions which increase or decrease employment, likewise it is impossible for us locally to deal with the cures or even the palliatives. We submit that matters of unemployment insurance, minimum wages, hours of labour and old age pensions have now ceased, practically if not legally, to be local matters, but have become but incidents in the organization of industry, which is nation-wide. We submit that the expense of these services should be shouldered by the country at large, that is to say by the dominion government. Logically then it will be necessary that the Dominion Parliament be given the necessary legal powers to deal with these matters. We agree with that logical conclusion.

We wish to interject this word of caution, namely that unemployment, its causes and relief, should be taken over by the Dominion Legislature, with no narrow interpretation of its content. We refer particularly to the fact that the evils of unemployment are cumulative. Unemployment itself produces unemployables. Unemployables so produced by unemployment should not be classed with the sick, the lame, the halt and the blind, who are primarily the burden of the municipality.

10. Along with the burden of industrial unemployment due to general economic conditions in this city

"have come the problems due to the succession of crop failures in the whole or part of Saskatchewan. This situation has accentuated the relief problem in Regina. By the inevitable contraction of business it has increased unemployment among those formerly employed in Regina. It has also brought into the city thousands from the rural areas. While we hope, and while the records so far as there are any, lead us to hope that it will be a very long time before we have again as protracted a period of drought as that through which we have been going, it must be admitted that the very essence of the economy of Saskatchewan is that it is variable. Further emphasis will be laid on that point later. It is a fact, however, that on a general average Saskatchewan has carried its share of the general productivity and prosperity of the country. It is submitted that the essence of a Confederation such as we are in is that the burdens of the individual units should be spread out and averaged over the whole. If every section of the Confederation is to bear all its own burdens, either immediately or by borrowing, throughout good times and bad, why Confederation? We do submit that it should become a recognized principle of our federal economy that one basis of division of the federal purse should be the basis of need from time to time of the various sections. Admittedly this will require a correlative self-control and submission to the general authority, but they must be exercised.

Applying what we have said to the situation in Saskatchewan, we submit that the difficulties due to the unprecedented climatic conditions which have

"overtaken Saskatchewan are of a national character and so far as these difficulties are quite abnormal, should be shared by the nation at large.

We wish to interject that in making this submission we are not to be taken as in any way lacking in appreciation of what has already been done along these lines by the Dominion Government and the people.

11. We wish to urge very strongly that the suggestion in the instrument constituting your Commission that

"necessary municipal expenditures have placed an undue burden on real estate and are thereby retarding economic recovery" is with respect to Regina assuredly the case.

The taxable assessment (that is to say excluding exemptions) in Regina for the year 1936 was \$42,146,043.00. Of this amount \$36,810,943.00, that is to say 87.1 per cent, was levied against lands and buildings. Now, the tax levies comprise by far the greater part of the revenues of the city. In 1936 the total amount to be raised by taxes in the city of Regina was \$2,350,543.00. This includes the amount required by the different school boards, which is raised by a tax levy by the city. The amount raised from other sources of revenue in the city was, except for one item, comparatively small. Even that item, the surplus from utilities, still leaves the municipal tax levy overwhelmingly the largest source of income for our civic bodies. In 1936 the city of Regina from utilities surplus, (a fortunate windfall we have in Regina) sinking fund surplus, license fees, amusement tax and business licenses,

"these comprising the extraneous sources of municipal revenue, received only \$589,990.00 leaving the amount raised by taxation 79.9 per cent of the total amount raised by taxation and from these other sources combined. We come back therefore, to real estate having to bear 87.1 per cent of 79 per cent of the total burden, or a net of approximately 70 per cent. This is not inclusive of local improvement taxes for street paving and waterworks, which are an additional burden specifically on land.

The great weakness of the system of taxation on the capital value of real estate is twofold. On the one hand it tends to reduce capital value and on the other hand by that very fact destroys its own base. The taxes now imposed on land in Regina are so burdensome as in many parts of the city to almost destroy real estate values as security for credit and as a basis for taxation. We are not referring merely to a great deal of the property in the city which was divided into city lots in the old boom days. The incentive to own and improve property for residential and for business purposes has been largely destroyed owing to the great difficulty in the majority of cases of providing out of any possible rentals taxes, insurance and repairs and obtaining even a very small return on the money invested. Unimproved real estate has become a liability.

The centralizing of taxes to such a large extent on the owners of real property has this further undesirable feature, namely that only those owners are really tax conscious, leaving a large body of citizens who have a vote in the election of the administrators of the city's affairs but who do not pay any direct tax to the municipality and, therefore

"have no real sense of financial responsibility.

The increasing number of calls on municipalities for health services, social services and latterly relief services have brought out with greater clarity the unfairness of real estate being such a large proportion of the base of taxation of municipalities. Originally municipal services were comparatively simple and confined to the protection of the homes and businesses of the local citizen. But now it has become a question whether even the so-called "local improvements" are really local. Street paving has become an expensive matter for the benefit of citizens at large and not merely for the benefit of the individual piece of property. But the man who desires to own a small home with a little garden around it and a little lawn is subject to as much taxation for streets as the man who has put up an apartment block on a parcel of land of the same size.

It is submitted that the tax on real estate is not fair on the basis of benefit received and it has ceased to be wise from a practical standpoint because it has more than reached its point of greatest productivity.

We submit that either the municipalities must be relieved of many of the social services which now devolve upon them or further sources of taxation must be made available to the municipalities. To urge the latter alternative is to contradict what we have already said with regard to the undesirability of multiplicity of taxes and taxing bodies and we, therefore, must urge the former alternative.

12. No submission by the Regina Board of Trade will be complete without recognizing the fact that

"the volume of business in Regina is entirely dependent upon agricultural prosperity and that, if for no other reason than our own welfare in Regina, we must do all we can toward the success and prosperity of the agricultural community around us.

In doing so we wish again to emphasize that we believe we are not asking for special favours for the reason that agriculture of Saskatchewan has in the past contributed its full share toward the production of the national income and prosperity. We readily admit that unless this is so our whole case falls to the ground. Unless Saskatchewan and its people do over a period of years, to put it shortly, "pay their way", and then something more, there is no excuse for our being here or staying here. But we believe the records show we have done so and unless the history of the past is meaningless, will do so again. Is it too much to say that the west set Canada on the high road to expansion and prosperity? We feel, therefore, that to urge fair and reasonable treatment for the farmers of Saskatchewan is but to urge that a very real and actual section of the producing capacity of the dominion be given a fair chance.

13. As a preface to what we have to submit with respect to agriculture as an, or the, essential factor to our well-being in Saskatchewan and Regina we think it advisable to make some general observations which will present the picture more fully and form a basis for our conclusions.

(a) The three prairie provinces comprise a population of 2,350,000 people. At the beginning of this century the population was 420,000, and

"a few years prior to that was still much less. In general, therefore, the settlement of the prairie provinces is distinguished from the rest of Canada in being much the more recent. The rapid settlement which the figures indicate involved the provision of everything which enters into the modern civilization within a short period of time, and much of the enormous expense of this had to be raised on the credit of the people and their future ability to repay the same. There was no accumulation of capital and wealth as obtained elsewhere, except such as the settlers themselves brought with them, and, in the nature of things this was very limited, so that it may be fairly plain that the residents of these provinces have been faced with and continue to be faced with making greater provision for debts incurred than have to be made in the older settled parts of the country.

(b) The location of these provinces, hemmed in as they are by the Rocky Mountains on the west and the tremendous expanse of continent on the east, comparatively isolates them from the markets of the world or from the most economical forms of lower cost transportation to these markets. As a result of their geographical location, they are under the necessity of paying greater transportation levies for goods, both exported and imported, than obtain in other parts of Canada more favourably situated."

THE CHAIRMAN: Possibly, Mr. Thornton, you could summarize this more or less descriptive part; Mr. Davis has already gone over it fully. You are going to make some practical submissions.

MR. THORNTON: In paragraph (c) we again emphasize the importance of agriculture, and its preponderance in the economy of the provinces. It is our main source of revenue; in fact, it is practically the only source of revenue, and by reason of location and climatic conditions it is an industry which is subject to unusual difficulties.

In paragraph (d) we point out that the farm lands of the province are sparsely settled, being able to support, under normal conditions, a large increase in population.

We point out in paragraph (e) that we have not the same natural resources for manufacturing purposes, nor have we the same power to develop resources, as are to be found in other parts of the country, and therefore there must be a want of balance. We point out that prior to 1920 we never anticipated very much difficulty in the way of disposing of our crops. Latterly a grave question has been raised as to our ability from year to year to dispose of the crops we produce, and that introduces another complication into the situation.

Coming to our submissions, the first submission we make is with respect to the tariff. Mr. Davis, I believe, dealt rather fully with that question.

THE CHAIRMAN: Yes, he has gone into that very fully.

MR. THORNTON: We wish to avoid entering into a controversy over the question, but we do believe that the tariff policy has brought about a situation wherein the residents of the province, and particularly the farming population, labour under disabilities that are not found to the same extent elsewhere. On that account we argue that as a matter of equity the tariff should be

substantially reduced or that some compensating benefit should be given to the graingrowers of western Canada as a setoff against the special benefit conferred by the tariff upon the industrial sections of the east.

By way of compensation we discuss the question of crop insurance, which has also been dealt with by the province. We contemplate in that connection substantial assistance from the dominion, because we are not satisfied that at the present time there is any possibility of a crop insurance scheme being placed on a self-sustaining basis.

We point out that freight rates, a subject which has already been dealt with, operate to our disadvantage. We are under a disability because of our position, for unquestionably we pay more than other sections of the country.

As has already been pointed out, the railway situation is further aggravated by the fact that we have not the same right to tax the railway in the west as obtains in other parts of Canada.

We urge that the dominion should extend its operations in the way of research and experimentation in an endeavour to overcome many of the natural hazards that agriculture has to struggle against, and should continue to enlarge the scope of its activities in exploring and developing facilities for the sale of our products in the markets of the world.

At this point I think I might very well conclude by reading the last paragraph in the brief:

" 18. The other matter is a point of view which might be kept in mind in considering our specifically western problems.

The origin of the population of the west is from other provinces of Canada, from the British Isles

"and from foreign countries. With assimilation, and succeeding generations, the deep-seated and predominant Canadian and British sentiment heretofore in evidence may be tested severely and adversely if by virtue of national policies which may appear to discriminate against the west our people become conscious of and convinced of inequities. Our national heritage is something to be prized and preserved. Your Commission has a profound important and at the same time very delicate task in weighing and presenting to our people the facts, forces, sentiments and, indeed, prejudices which bear on our problems and on the solutions for the same. Very sincerely do we wish you success in your task.

We wish to thank your Commission for this opportunity of submitting these viewpoints to you.

All of which is respectfully submitted on behalf of the Regina Board of Trade."

THE CHAIRMAN: Thank you, Mr. Thornton.

MR. THORNTON: I believe that Mr. MacMillan, the President of the Saskatoon Board of Trade, wishes to add something to the submission that I have made.

THE CHAIRMAN: Very well, Mr. MacMillan.

MR. ST. LAURENT: The statement submitted by Mr. Thornton will be Exhibit No.66.

EXHIBIT No.66: Statement submitted by The Regina Board of Trade.

SUBMISSION BY SASKATOON BOARD OF TRADE.

MR. M. MacMILLAN(President, Saskatoon Board of Trade): Mr. Chairman, I promise to be brief. In the submission we are making we endorse in a general way the statement submitted by the Regina Board of Trade.

I will pass over the first three pages of our brief. Coming to the question of taxation of real property I should like to read two or three pages; it will not take long:

" TAXATION OF REAL PROPERTY.

The urgent need of action looking towards substantial reduction in taxation of real estate in urban centres is brought to the Commission's attention. Confiscation of real property has proceeded to the point where the municipalities have become the owners of millions of dollars worth of real property. Legislation to delay forfeiture proceedings under Tax Sale Acts has been in effect in Saskatchewan for several years. Had this legislation not been passed much additional property would have fallen into the municipalities' possession.

Real property being the principal source of revenue for municipal and school purposes it is easy to understand why local councils and school boards are finding it increasingly difficult to perform their functions and meet their obligations. Many of them have already fallen by the wayside, while many more are dangerously close to the same condition.

It is submitted that the burden of taxation which real property is presently carrying is away beyond its capacity and immediate steps must be taken to remedy the situation if for no other reason than to retain it as a future source of tax revenue.

Apart altogether from inability to sustain the present burden of taxation it is submitted that a great many services now being provided by municipal

"organizations should not be paid for out of revenue derived from taxes on real property.

Unemployment relief in all its ramifications is an outstanding example of the type of expense for which real property should not be taxed. Education is another social service which it is difficult to defend as a proper charge against real property,-- yet in this city practically the whole cost of elementary and secondary education is charged against real property. (Provincial government grants to the local school boards are just about equal to the amount of provincial revenue derived from taxation of real property.)

The area of the city of Saskatoon is 8,000 acres. Of this area approximately 6,860 acres have been subdivided into building sites. Of the remainder 80 acres have been subdivided into areas of 5 to 20 acres for market gardening, leaving 1,060 acres unsubdivided. Of the total acreage the city has already taken possession of approximately 2,610 acres on account of the owners failing to pay their taxes; this is equal to 32.62 per cent of the city's total area. Over two million two hundred dollars of taxes had to be written off the tax roll when title passed to the city. It is true, of course, that the city subsequently sold some of the property and recovered about eight hundred and fifty thousand dollars, but this was only about two-thirds of the city's claim for taxes against the properties sold. Naturally the best property was sold, leaving in the city's possession many thousands of lots for which there is practically no demand. The net taxable assessment of the city is less by some three million dollars

"through removal of these properties to the tax exempt column. The assessed value of other properties subject to current tax sale proceedings is approximately \$9,143,390.00. Under existing conditions it is inevitable that a substantial part of this amount will shortly be in the city's possession, still further reducing the net taxable assessment and correspondingly increasing the burden on the remaining taxable properties.

The following statement shows the growth in Tax Arrears during the period 1929-1936:

December 31:

1929	\$1,134,325.39
1930	1,244,630.91
1931	1,456,337.46
1932	1,843,659.28
1933	2,242,049.20
1934	2,763,953.34
1935	2,969,169.81
1936	3,093,506.69

Total tax arrears now almost amount to two full years' levy.

The city could not have continued to meet its obligations in the face of falling tax collections during the above period had it not been for the most generous treatment on the part of its bankers.

The great weakness of the system of taxation on the capital value of real estate is twofold. On the one hand it tends to reduce capital value, and on the other hand by that very fact, destroys its own base. The taxes now imposed in Saskatoon are so burdensome as in many parts of the city almost to destroy real estate values as security for credit and as a basis for taxation. We are not referring merely

"to a great deal of the property in the city which was divided into city lots in the old boom days. The incentive to own and improve property for residential and for business purposes has been largely destroyed owing to the great difficulty in the majority of cases of providing out of any possible rentals taxes, insurance and repairs and obtaining even a very small return on the money invested. Unimproved real estate has become a liability.

The centralizing of taxes to such a large extent on the owners of real property has this further undesirable feature, namely that only property owners are really tax conscious, leaving a large body of citizens who have a vote in the election of the administrators of the city's affairs but who do not pay any direct tax to the municipality and, therefore, have no real sense of financial responsibility."

Are there any questions which the Commission would like to ask in regard to this part of the submission?

COMMISSIONER ANGUS: What taxes would you substitute for taxes on real estate?

MR. MacMILLAN: Our Board appointed a committee to draft this brief and I have brought with me Mr. Leslie, our City Commissioner, who has made a great study of taxation matters. He has studied these matters all his life and I would ask him to answer any questions in regard to that aspect of the brief.

MR. ANDREW LESLIE (City Commissioner, Saskatoon): We are not here to-day to suggest what form of taxation might be imposed locally. We are here rather to suggest that some of the services that are now provided out of local taxation be shifted on to other shoulders.

We feel that other types of taxation that might be provided to take care of some of the services furnished can be more scientifically and properly imposed by a higher taxing authority -- the Dominion Government.

COMMISSIONER ANGUS: What taxes are you thinking of their increasing -- what federal taxes?

MR. LESLIE: The income tax is one I have in mind personally.

MR. MacMILLAN: The brief continues:

" The increasing number of calls on municipalities for health services, social services and latterly relief services have brought out with great clarity the unfairness of real estate being such a large proportion of the base of taxation of municipalities. Even the theory of the liability of property for local improvements, such as pavements, waterworks, etc., has been large encroached upon. Street paving has become an expensive matter, and renders benefits to citizens at large and not merely to the owners of private property. But the man who desires to own a small home is subject to as much taxation for streets as the man who has put up an apartment block on a parcel of land of the same size.

It is submitted that the tax on real estate is not fair on the basis of taxation according to returns and it has ceased to be wise from a practical standpoint because it has more than reached its point of greatest productivity.

We submit that either the municipalities must be relieved of many of the social services which now devolve upon them or further sources of taxation must be made available to the municipalities. To urge the latter alternative is to contradict

"what we have already said with regard to the undesirability of multiplicity of taxes and taxing bodies and we, therefore, must urge the former alternative.

Agriculture -- No submission by the Saskatoon Board of Trade will be complete without recognizing the fact that the volume of business in Saskatoon is entirely dependent upon agricultural prosperity and that, if for no other reason than our own welfare in Saskatoon, we must do all we can to promote the success and prosperity of the agricultural community.

9. The first submission we would make under this head is with respect to The Tariff. It is, we believe, admitted that the operation of the tariff has been specially advantageous to the industrial portion of the dominion. We believe figures will have been submitted to your Commission to amply support this view without further figures on our part. We submit that from the point of view of equity this situation leads inevitably to one of two conclusions:

- (a) That the tariff on manufactured goods should be very substantially reduced, or
- (b) That some compensating benefit should be conferred on the agricultural producers of the west to offset the special benefit conferred upon the industrial community of the east.

In view of the fact that there is a permanent tariff commission; that there have been other investigations relating to the tariff, it is not necessary for us to enlarge on this matter. But if

"the tariff is to be maintained at its present level we urge the second alternative, namely that some compensating benefit should be conferred upon the agricultural producers of the west to offset the fact that, while the prices of their products are largely fixed by world prices, they must buy in a restricted and controlled market.

10. Re-adjustment of farm debts ---The question of deepest and most vital concern in Saskatchewan is the position of agriculture to-day. We do not discount the efforts that have been made to lighten its debt and other burdens, nor the good faith of those who have devised and applied these policies. Nevertheless we respectfully submit that the reduction of agricultural costs must go much farther and deeper, if this fundamental industry is to prosper. We submit, also, that the recovery of western agriculture is a matter of vital import to the entire Canadian economy."

THE CHAIRMAN: Mr. MacMillan, you say that the question of most vital concern in Saskatchewan to-day is the condition of agriculture. You make this statement: "Neverthelessthe reduction of agricultural costs must go much farther and deeper if this fundamental industry is to prosper." Will you tell us what you have in mind in that statement?

MR. MacMILLAN: I think the language of the brief from this point on will explain that, Mr. Chairman.

THE CHAIRMAN: All right, thank you.

MR. MacMILLAN: This portion reads:

" This Board further submits that it is essential to take enlightened action at the earliest moment to prevent the adoption of other and ultimately

"disastrous policies. The history of Canada and the United States affords too many examples of discredited remedies for imagined or actual economic troubles, all of which have involved the people in heavy costs and waste of human and material resources. Too frequently the evils have waxed as the remedies have waned. We have had nothing for such experience but the costs incurred, and the multiplication of governmental and other bureaus and institutions which occupy fields whose barrenness has been demonstrated. In many cases, the more these experiments and institutions cost, the less they are worth.

This Board believes that wise and generous action must be taken to assist agriculture to recover from the combined effects of depression and drought. This basic industry is burdened with a growing overhead which it can not avoid and which for the most part it can no longer carry. Agriculture, in this respect, save as to its enormous dimensions, does not differ from a business concern similarly water-logged. As is well known the remedy is to be found in increased volume of sales at reduced costs. These results can be secured only by the persistent efforts of those directly concerned -- not only farmers, but those who assist in financing and marketing the products of the farm. Government assistance in the form of bonuses or subsidies can be at best only of a temporary character, and too often mean more bureaus and more bureaucrats to administer funds raised through more taxation. The farmers and the financial and other interests associated with them will be

"most successful in the degree that they attack and solve their own problems, with a minimum of governmental expenditures and assistance.

This Board is convinced that one of the most urgently necessary steps to achieve stability and progress in the west is to be found in the adoption of a comprehensive program to reduce the agricultural overhead and the cost of carrying and servicing farm debts."

Page 2040 follows.

"This is as essential for the institutions that finance agriculture as for the rural community itself. The thawing out of frozen loans would prove an immense stimulus to recovery. This Board, therefore, submits that as interest rates and their control are a function of federal government under the B.N.A. Act, steps should be taken immediately to deal with this problem, and we submit as a compensating benefit:

- (1) A survey of the loans and other financial obligations of farmers presently held by financial institutions operating in the west.
- (2) The consolidation of individual farm mortgages for the purpose of their adjustment.
- (3) The scaling-down of such obligations to the point where necessary so that in each case there is reasonable assurance that the farmer can carry them.
- (4) That their repayment should be made on an amortized basis, interest to be no higher than 4 per cent per annum.
- (5) That the Government shall set up a Credit Corporation to supervise and direct the process of readjustment of farm mortgages with branches at suitable points conveniently accessible to farmers and other concerned, for the purpose of calculating the extent of the mortgage indebtedness in each case.
- (6) That the corporation take over all such amortized obligations and all assets giving to the lending institutions debentures on

a 3 per cent basis in return for their agreement to accept a reasonable settlement of the several farm debts in question.

- (7) That any additional costs of operation of the plan to be borne by the Federal Government as a contribution to the recovery of Western agriculture.

This plan would combine the principles of individual initiative and mutual cooperation; would involve a minimum of government assistance and expense; and would result in a sustained attack on one of the chief obstacles that at present stands in the way of agricultural recovery on the prairies."

THE CHAIRMAN: That last clause, Mr. MacMillan, is a very important one. In its implication it is one of the most important that has been submitted to us.

MR. MacMILLAN: To which one do you refer?

THE CHAIRMAN: The one you read dealing with farm indebtedness.

MR. MacMILLAN: Yes.

THE CHAIRMAN: Have you made a study of the methods used in the United States or other places, or is this the working out of your own thoughts as a solution?

MR. MacMILLAN: Well, I can read you briefly the mechanics that I have in mind in regard to this problem, if you would like me to.

THE CHAIRMAN: No; I just wondered whether you had made a study of the problem as to how it had been dealt with elsewhere. In the United States the government took over all these frozen loans and thereby released all the financial institutions from their obligations. In Australia there was a direct cut in principal and interest on a certain basis. I do not know whether you had been

thinking of these loans, or whether you had worked out this yourself as your own thought as to an equitable solution.

MR. MacMILLAN: Well, if I may briefly outline what we had in mind, it is this: agriculture in western Canada, as you know, is in a very difficult position at the present time. There is not a shadow of a doubt about that; it is hardly necessary to stress the point. In the province of Saskatchewan I think the farm loan mortgage indebtedness, according to the Dominion Bureau of Statistics, -- and this information is given out by Dr. Coats and Dr. Grinley for the year 1931 -- is about \$175 million. That is all owned farm lands; it does not take into consideration rented farm lands. If you include mortgages on partially owned farm lands and rented farm lands that figure would probably go up to \$200 million. In all of the west that amounts to about \$375 million. The question of amount is not one with which I am concerned at the moment, in any event, because that money is all frozen today, absolutely frozen, tied up; you cannot budge it.

If that money could be thawed out, as we say in our brief, it would be a substantial contribution towards improving conditions generally throughout Canada.

So far as the loans to the farmers themselves are concerned, this country has been developed largely on 8 per cent money. I do not think it is humanly possible to develop an agricultural country on 8 per cent money. The mortgage companies stated that they have reduced interest to 6 per cent. But they only did that this year. Your Farmer's Creditors Arrangement Act only nibbles at this problem. Up to date they have dealt with only some 2,000 cases in this province out of probably 146,000 cases. They deal largely with those cases which are the worst. The man who is on a sub-marginal basis, trying to carry on and pay his oblig-

ations needs relief, but he does not get any.

We submit that the government should take over all of these farm mortgages after a comprehensive view of the books of the mortgage companies. It is not necessary to make a physical valuation of these accounts. You can get the value of the land fairly well from the books of the companies. Mortgages have not paid any interest for five or six years. Our suggestion is that after a review of the books of the companies, by way of a mutual arrangement, that a corporation be set up something like the Canadian National Railways, whose bonds would be guaranteed by the Dominion Government. We suggest that the companies should take the bonds of the corporation, guaranteed by the Dominion Government, at a low rate of interest, perhaps 2 per cent, $2\frac{1}{2}$ per cent — we say three percent in the brief. I believe it can be said without fear of successful contradiction that in the last ten years the interest actually received by the mortgage companies holding mortgages on western farm lands would not be over $3\frac{1}{2}$ per cent.

THE CHAIRMAN: I have no knowledge of that, Mr. MacMillan.

MR. MacMILLAN: That is something that can be readily ascertained.

THE CHAIRMAN: I just put this question to you, Mr. MacMillan. Take a loan company that has loaned extensively here and has borrowed its money abroad and is paying 4 to 5 per cent. on its debentures. It would be a serious matter to them to have to take three per cent security for it. You suggest the loans should be cut, do you not?

MR. MacMILLAN: Yes.

THE CHAIRMAN: And then they would take security at

3 per cent for the balance. There is also the question whether the dominion would feel justified in embarking on so large an expenditure as would be involved in taking over all these mortgage securities. Is it your view that they should take over all the farm mortgage securities in the province?

MR. MacMILLAN: As mortgage securities. There is no expense attached to it. You are not turning on the printing press. You are merely giving them a bond of this company with a guarantee by the government. It is an obligation, of course.

THE CHAIRMAN: I suppose one difficulty from the standpoint of the government would be the difficulty of the government in collecting, such as the farm board in this province, the farm board in Manitoba, the farm board in Ontario and the farm board everywhere, so far as I know, find in collecting from the people moneys due on mortgage. There seems to be a different attitude in the mind of the borrower towards the government mortgage from that mortgage held by a private corporation. The borrower seems to recognize that the obligation is different in kind, and there is a lesser sense of moral responsibility. I do not know; I am just throwing this opinion out to get the benefit of your view.

MR. MacMILLAN: I think that is right, sir. That is my opinion. I quite agree with you in that regard. The question of the machinery that would have to be set up to handle this business is, of course, a very important one. It is just possible that some of the larger companies having branches and loan departments throughout the province should be allowed to continue this business for the corporation, being paid a rate which can be readily ascertained for services rendered.

I do not suggest, and we do not suggest that you dislocate the whole financial mortgage business of western Canada; neither do we suggest that the government go into the mortgage business in the future. We can leave that field to the mortgage companies. But we do suggest that having regard to the tremendous debt of these farmers today and the conditions through which they have passed in the last ten years, that they can no longer without some comprehensive scheme, carry on. That should be done in the interest of Canada as a whole, not only western Canada; because after all, I remember when I was a young man and used to travel in this country, the question of whether we had an empty or a partially empty dinner pail in eastern Canada depended on the crop in this western country. I think that is fair.

THE CHAIRMAN: Thank you, Mr. MacMillan. This brief will be filed as an exhibit.

EXHIBIT NO. 67: Brief submitted
by Mr. MacMillan
on behalf of the
Saskatoon Board of
Trade.

HON. MR. DAVIS: Now, we proceed to page 285 of the brief. You will remember that we referred, in the opening section of the brief, to the question of standard of living. Subsequently we will come to that. The title of this section is "The Economic Well-being of the people of Saskatchewan". This is in reality an examination into the standard of living of the people of the province of Saskatchewan. I should like to read part of it.

"In other parts of this submission we have indicated the effects of agricultural depression and the drought, of high freight rates and higher tariffs, and of dominion monetary and fiscal policies upon the economic well-being of the

people of Saskatchewan. We have shown how the burden of provincial, municipal, and private indebtedness and of capital disinvestment as revealed by the condition of our farms and industries, our schools and public institutions, our highways, and our telephone system, means the people of this province with a steadily declining standard of living."

The table is evidence of that. In (A) we give the volume of wholesale and retail trade in Canada. This table is based on the year 1930 as 100. We give the years from 1930 to 1936. In the year 1936 the figure for Saskatchewan is 69, as against the figures in the other provinces, indicating a lowered purchasing power of the people of the province of Saskatchewan insofar as retail mercantile business is concerned.

MR. ST. LAURENT: If I understand correctly, it is suggested that these retail purchases by consumers are the vehicle through which the indirect taxation reaches the consumer, indirect taxation being a part of what he pays for his purchases in the retail trade.

HON. MR. DAVIS: What do you mean? What have you in mind when you use the term "indirect taxation"?

MR. ST. LAURENT: Customs, excise, sales tax.

HON. MR. DAVIS: Yes.

MR. ST. LAURENT: Customs, excise and sales tax reach the consumer through the retail purchases.

HON. MR. DAVIS: Yes, I presume the burden is less in Saskatchewan than elsewhere as the percentage is less.

MR. ST. LAURENT: The figures would seem to indicate that although the population of Saskatchewan is practically 9 per cent - 930,000 against 10,000,000 odd --

HON. MR. DAVIS: Yes.

MR. ST. LAURENT: It is practically 9 per cent.

HON. MR. DAVIS: Yes.

MR. ST. LAURENT: And for 1930 the purchases would be 6.8 per cent.

HON. MR. DAVIS: Well, I have not said that. I take your figures -- \$189,000,000.

MR. ST. LAURENT: Yes. We have the figures for 1931 and they are practically the same. They are given on page 225.

HON. MR. DAVIS: They dropped to \$103 millions.

MR. ST. LAURENT: Yes, but the proportion is about the same. The enhancement was perhaps due to tariff.

HON. MR. DAVIS: Yes.

MR. ST. LAURENT: Twenty nine millions against \$423 millions, again 6.8 per cent.

HON. MR. DAVIS: Yes.

MR. ST. LAURENT: Now, let us take British Columbia. We will not take one of the eastern provinces. The figures would seem to just about the reverse there. Their proportion of population is 6.9, and their portion of this burden of indirect taxation is 9. per cent.

HON. MR. DAVIS: I presume your figures are correct.

MR. ST. LAURENT: That would show that the farmer is not soaked by means of the tariff or indirect taxation to any great extent or even to as great an extent as the average Canadian consumer.

HON. MR. DAVIS: I think it shows the reverse. He is soaked, and everything is taken from him. You may soak the other man, but you give him back more than you soak him.

MR. ST. LAURENT: Their taxation amount is something under 7 per cent, not 9 per cent.

HON. MR. DAVIS: Yes, that is quite all right, if you just take it on the basis that there is no other factor to be taken into consideration except the soaking part of it; but you hit him on one side and hand him a bouquet on the other, and the bouquet exceeds in size the crack you have given him.

MR. ST. LAURENT: The bouquet is made up of what is provided for out of dominion taxation in the way of services through subsidies and otherwise.

HON. MR. DAVIS: Yes.

MR. ST. LAURENT: In that respect the direct and additional subsidies to the western provinces have been substantially larger than the eastern provinces.

HON. MR. DAVIS: That may be, but I do not think anybody is going to argue the tariff is a benefit to mankind.

MR. ST. LAURENT: No. I was just thinking of where the money would come from for these various welfare services that are really urgent.

HON. MR. DAVIS: Yes.

MR. ST. LAURENT: At the present time, if 9 per cent of the population produces 6.8 per cent of the federal taxation.

HON. MR. DAVIS: Indirectly, if you take it on that basis. But that is not the sole source of taxation. For instance, income taxation produces over \$100 million in Canada. We say a considerable portion of that, while paid in eastern Canada, comes from the west.

MR. ST. LAURENT: I have taken the totals and they do not vary one thenth, if you take the whole taxation in Canada.

HON. MR. DAVIS: All the taxation in Canada?

MR. ST. LAURENT: All the taxation in Canada.

HON. MR. DAVIS: Assuming that the taxation is earned where it is paid.

MR. ST. LAURENT: Yes.

HON. MR. DAVIS: That is not a fair assumption.

MR. ST. LAURENT: If you take the whole taxation of Canada and compare it with retail sales --

HON. MR. DAVIS: Yes.

MR. ST. LAURENT: -- made in Saskatchewan, you will arrive at the same result.

HON. MR. DAVIS: On the assumption that the tax is earned where paid; that is, if a tax is paid by the people of the province of Ontario, you are assuming that it is exclusively earned in the province of Ontario and not attributable to other provinces in Canada.

MR. ST. LAURENT: As far as indirect taxation is concerned that is quite true.

HON. MR. DAVIS: Indirect or direct, I would say the same thing.

MR. ST. LAURENT: If we apply the direct where it is paid it would show a more diverse picture for Saskatchewan. I was just applying the direct in the same proportion as indirect taxation.

HON. MR. DAVIS: That is not fair. In the case of direct taxation I do not think it is fair to take the amount directly paid by the different provinces -- income tax for instance -- and say that that is their exclusive earnings, and that we have not assisted them in providing the income with respect to which they have paid the tax. And when you come to the indirect, or the tariff, I do not think it is fair to say, as I said a moment ago, that this province pays so much as a result of its retail sales, and this province pays so much. You must take into consideration other factors. They have an advantage as a

result of the tariff.

MR. ST. LAURENT: That is the way you have set it up in your table on page 225.

HON. MR. DAVIS: It does not matter about the table. The facts are as I give them to you. I am afraid you cannot change me from my tariff views.

COMMISSIONER MacKAY: You say the tariff is of no benefit to mankind. I gather from what you say that it is a benefit to some of mankind.

HON. MR. DAVIS: Some of mankind. Someone has said everybody is created equal in Canada provided they are not born in the city of Toronto, Mr. Chairman.

THE CHAIRMAN: You would not give Montreal a share, too?

HON. MR. DAVIS: I presume I should not create any difficulties between Montreal and Toronto or I shall have telegrams from the board of trade in the morning. Table 2, Mr. Chairman, is a breakdown of these same figures.

THE CHAIRMAN: Would you tell us, Mr. Davis, the conclusions you draw from these tables, and what you want us to note specially.

HON. MR. DAVIS: I think the conclusion is the lowered purchases and lower purchasing power, indicating that the standard of living is lower here than it is elsewhere in Canada.

COMMISSIONER MacKAY: This table hardly shows that, does it.

HON. MR. DAVIS: 69 per cent as against 79 per cent and 83 per cent.

COMMISSIONER MacKAY: Using the purchases in Saskatchewan in 1930 as the basis.

HON. MR. DAVIS: Yes. If you turn to the next page you will see the break in 1933. The value of the retail

trade in Saskatchewan in 1933 was \$103 millions, a decline of 45 per cent in three years. There was a greater decline here than in any other province. The brief indicates that we have never had the standard of living here that they have particularly in the older portions of Canada. I presume that is natural in a new country and where you are building a new country.

If you turn to page 288 --- this will be studied, in any event --- you will come to a section dealing with the standard of living. I should like to read a paragraph or two of that.

STANDARDS OF LIVING IN THE WHEAT ECONOMY.

The dominant position of wheat in the economy of Saskatchewan as an export staple determines the standard of living of the great majority of Saskatchewan farmers. Regardless of time or place, of conditions of general prosperity or general depression, the concept of a standard of living has probably less validity when applied generally to farmers than for any other economic group in modern society. This is particularly true in Saskatchewan where variations in soil, climatic conditions, crop hazards, economic development and productive efficiency between different districts and even within a given district are so pronounced. At the same time, through emphasis on different values, particular racial groups have standards of living vastly different, though not necessarily "higher or lower," than other racial groups.

Furthermore, from the opening of the century down to 1929 there can have been few parts of the civilized world in which such tremendous advances from rude, pioneer levels were made possible by the

application of constantly improving techniques to the rapid exploitation of virgin natural resources, as in the Prairie Provinces. The advance over such a wide area could be neither uniform nor continuous, and although by 1929, it might be said that the wheat economy was in the process of transition from the pioneer stage of settlement to that of an established community, the problem of presenting an exact picture of the standard of living would be complicated by the fact that the process of transition was in varying degrees of fulfilment throughout the different parts of the region."

I do not want unduly to delay the Commission, Mr. Chairman, but I should like to turn to page 290. There is an interesting examination into the condition of people insofar as food and clothing is concerned. That takes in the whole of page 290 and part of page 291. There we draw a picture of the conditions that prevail in this province, and we have utilized for that purpose considerable comment made by D.B. MacRae of the Regina Leader-Post, who made a tour through the southern part of this province and wrote a series of articles dealing with it. He pictures in as graphic a form as anything we could prepare the exact condition, and the difficult situation of the people of these sections of the province. These comments are an interesting story of the difficulties and the results of the ravages of the drought upon the economic life of the people afflicted by it.

The last paragraph on page 291 indicates that the condition which he portrays demanded speedy action by the government in the way of relief assistance.

On page 292 we deal with clothing, and quote again certain comments by Mr. MacRae, which indicate the difficulties

of the people insofar as clothing is concerned. On page 293 we make an examination into housing and household furnishing. Perhaps I should read the first paragraph:

HOUSING AND HOUSEHOLD FURNISHINGS.

"The farm houses of the prairies are much smaller than those found in other parts of Canada.

'The large six room dwelling is predominant in the maritimes and Ontario where there is least evidence of crowding and conversely on the prairies where three and four room dwellings predominate, there is definite evidence of inadequate living space, particularly in rural areas Over 60 per cent of prairie rural homes contain four rooms or less, while the number of such homes in Ontario is less than 23 per cent. In Alberta and Saskatchewan there are more rural households occupying two rooms than in any other room group.'

We give figures to indicate a comparison between the standard of living insofar as the home is concerned in Saskatchewan and that in Ontario and the Maritimes. The last paragraph is largely descriptive of the building up of this western country and the development from the sod shack to the present condition of house construction. The middle paragraph on page 294 indicates the ravages of the drought conditions and the depressed prices upon the homes of the people, including painting and repairs. There is a serious situation indicated there. On page 295 we deal with farm facilities. I believe I should read that.

FARM FACILITIES.

"Since few prairie farms are equipped with electric power few farm women can enjoy the use of the

multiplicity of domestic conveniences which are considered necessities rather than luxuries by urban housewives. The only labour-saving device found in most farm houses is some sort of washing machine, a few of which are operated by a small gasoline engine, the majority by hand. For ironing, the heavy old-fashioned sad-iron which can be heated on the kitchen range, is in general use. Running water is seldom found in prairie farm houses. The division which includes the Regina plains had the best record in the census of 1931 with 2.8 per cent of the farms reporting this convenience. The difficulties and expense of obtaining an adequate and convenient water supply in many of the best wheat growing districts and of protecting a piped water system from frost in winter are the chief factors keeping the proportion so low."

The paragraph goes on to describe the difficulty in that regard. On table 3 page 297 is shown comparative percentages of the provinces with regard to the following utilities: automobiles, telephones, radio, gas or electric light, water piped in kitchen and water piped in bathroom. This table shows the unenviable position of the province of Saskatchewan with respect thereto. On page 298 the brief has this to say about automobiles:

"The automobile came, particularly between 1920 and 1930, to supplement the telephone both economically and socially. Its economic advantages are obvious in a region of great distances and short seasons, where time is frequently at so great a premium. "When once seeding 'opens' everything rushes tumultuously to the last stages of threshing and marketing. In this activity accidents happen, ploughs, drills, binders,

threshing outfits break and repairs must be obtained ... A drive of 5 to 30 miles by car is vastly different to the same distance by team and wagon" Although the first heavy snowfall usually brings motor traffic to an end until the following spring the farm automobile has made a definite contribution to the social life of the prairies."

As I stressed earlier in the presentation, Mr. Chairman, the automobile has become more or less a farm implement and a necessity in carrying on farm operations in a country such as the province of Saskatchewan..

We may now turn to page 301, where the "conclusion" is set out. I am reading only sections, but they are all indicative of the same thing, the difficulties of the standard of living in this province as the result of the fact that it is a new province and the effect of the difficulties through which we have gone in recent years. The conclusions read as follows:

CONCLUSION.

"In this brief survey no attempt has been made to offer an exhaustive study embracing all the "indexes of prosperity". It is believed, however, that the material here submitted will better serve the purpose of indicating the economic well-being of the people of Saskatchewan. The so-called "indexes" would tell the same story.

Reference has been made in earlier parts of this submission to the tremendous burden of debt presently carried by farmers and others in this province. But a debt burden is not necessarily an indication of a low standard of living, or of a lack of economic well-being. The debt of one person may be the credit of another. In the case of Saskatchewan, however, it is believed that the debt secured on farm land is held largely outside

the province. An analysis of some \$90,000,000 of debt secured on Saskatchewan farms, in the form of mortgages and agreements of sale, reveals approximately 83.5 per cent held outside the province and 16.5 per cent inside the province.

The burden of debt carried by farmers and others is a heavy one, and the work of years will be required in order that the capital goods of the province may be restored to the levels of 1929."

I wish to stress the next sentence; I think everybody in Canada will recognize it.

"The province has one great asset, however, in the strength and courage of its people, especially as exemplified during the past eight years. In the coming years with normal crop conditions, these people will prevail. In this struggle it is submitted that they should be assisted by being freed of the bondage of this customs tariff."

We are not suggesting, insofar as the standard of living is concerned, that it is the fundamental duty of the state to step in and give the individual sufficient money to raise the standard of living; but we are suggesting that national policies should be such as to enable him to do it for himself. At the beginning of the brief we suggested that certain minimums should be provided insofar as the social services are concerned for all the people of Canada.

THE CHAIRMAN: Mr. Davis, in the earlier part of your brief you suggested that there should be a minimum standard. Was not that one of your earlier propositions?

HON. MR. DAVIS: Yes, proposition three.

THE CHAIRMAN: On what page is that?

HON. MR. DAVIS: On page 2.

THE CHAIRMAN: You said you would define that for us.

HON. MR. DAVIS: I was just trying to do that.

Proposition 3 reads as follows:

"That insofar as it is recognized as sound political policy to provide social services, there is, in, a union such as ours, where such commanding powers are given to the central authority, an obligation upon all Canada that such services shall be available to every person within the federation."

That restriction is to social services, not to other standards of living of the people.

COMMISSIONER DAFOE: Not the standard of living, but the standard of social services.

HON. MR. DAVIS: That is all.

COMMISSIONER DAFOE: That is the phrase used by Mr. Norman Rogers in the Nova Scotia brief.

HON. MR. DAVIS: Yes, that is quoted somewhere in the brief. The people should also be given a reasonable opportunity. Insofar as social services are concerned there should be a minimum in each of the provinces below which they would not be obliged to go. Insofar as the national standard of living is concerned national policies should be so applied that they give us a reasonable opportunity to raise our standard of living to the standard of other provinces.

Perhaps this commission is not so much concerned with this. It has been suggested that if the tariff is not altered some other expedient may be devised such as the fixed subsidy. I am not very enamoured of that idea. I think whenever they give you a fixed subsidy they immediately take it away from you with the other hand.

THE CHAIRMAN: The next section gives statistics.

HON. MR. DAVIS: Yes.

COMMISSIONER MacKAY: When you say "a minimum standard

of social services for all the people in the provinces", do you mean irrespective of the land they are living on? Would that not be subsidizing the poorer areas?

HON. MR. DAVIS: No, if you apply it to the examples we give here, such as maternity grants, mothers' allowances, old age pensions and so forth. We have used also the term "education". The educational branch was stressed. These are items that are included within the term "social service".

COMMISSIONER MacKAY: Relief, as well.

HON. MR. DAVIS: Yes, for employables. But I think the duty of the government is the duty assumed by the dominion government in this province insofar as employables are concerned. The farming community would come within the class of employables, because they are employed and working. I suggest that should become a national responsibility. In reality in this province the nation has stepped in and attempted to rectify conditions on certain farms by the rehabilitation plans, wherein it is contemplated to remove people from these uneconomic areas of this province, and particularly utilizing those sections of the province for the purpose for which they could be best utilized.

THE COMMISSIONER MacKAY: The removal of people from uneconomic areas to areas where they can support themselves more economically is a burden of the province, not the federal government.

HON. MR. DAVIS: The dominion has assumed that burden here by the prairie farm rehabilitation scheme. May I correct a wrong impression that I may have created there. They are not moving the people in their entirety out of these areas. Certain irrigation projects are being put into effect, which will be explained by Mr. Spence tomorrow.

People are being moved from one section to another section where they can carry on with the aid of these irrigation projects. Mr. Spence will explain what is being done with respect to rehabilitation.

COMMISSIONER MacKAY: What bothers me is this: if you are going to supply a minimum standard of social services, you are going to provide people with minimum opportunities, as I gather from your remarks. Might not that not lead to subsidizing people to continue in areas which are really uneconomical. That seems to me to be the fundamental problem --- I am not saying it is.

HON. MR. DAVIS: I would not like to answer that. It might have that result. A study will have to be made, and the subsidizing will have to stop.

COMMISSIONER MacKAY: That means, then, the dominion will have the right to interfere in the province.

HON. MR. DAVIS: I do not know that it would be a dominion obligation. If the dominion saw that there was a minimum standard of social services, the result there might be a responsibility of the province, speaking generally.

COMMISSIONER MacKAY: If the government were paying the cost it would have the right to interfere.

HON. MR. DAVIS: They might, but the position in this province is entirely different from the situation that might be created in other provinces, in that we have a large section supplied by the dominion as a result of federal policies, which would have some application here. They have stepped in. They are assisting the people of the province, not only for those reasons but because of the national catastrophe that has happened here. It may not be applicable in the other provinces.

COMMISSIONER MacKAY: The interference would be on the ground that it is a national catastrophe. Suppose it is

not a national catastrophe.

HON. MR. DAVIS: I should not think the difficulty would arise. After all, this is a social service. It does not matter where an old individual is, whether on sandy land or any other. He is not able to do anything, anyway. Perhaps he is better on sandy land, because he is not preventing somebody else from using good land. Then, take widows with children who are getting a mother's allowance. I do not suppose it makes any difference whether she is here, there, or elsewhere.

COMMISSIONER MacKAY: I am not criticizing this programme. It seems to me a fundamental problem which we have to face.

HON. MR. DAVIS: Yes, provided the conclusion you reach is the conclusion properly reached from the plan we suggest.

COMMISSIONER DAFOE: Social services, within the generous definition which has been given in the last day or so, would not in themselves supply the standard of living --

HON. MR. DAVIS: No.

COMMISSIONER DAFOE:--unless a reasonable standard of living came from the individual efforts of the person in his surroundings; consequently if social services, owing to the lack of a satisfactory individual contribution, were not effecting the purpose intended, it would be an obvious proof that the conditions of life in that district were below the level, and either economic interest or governmental intervention would see that the experiment of trying to develop that area would come to an end. While the pressure of economic forces would be lightened somewhat by the application of a minimum of social services, it would still be effective enough to force a fundamental change, if people

were trying to live under impossible economic conditions.

HON. MR. DAVIS: Yes; that is infinitely better than I can express it.

THE CHAIRMAN: What is your suggested programme for tomorrow?

HON. MR. DAVIS: I believe we can get down to page 322. Before we start with "rehabilitation and development" I should like Mr. Spence, Mr. Taggart and Mr. Allen to say a few words. That would eliminate a lot of discussion of that section. Down to the middle of page 327 there is very little discussion to be had. Tomorrow is Thursday. I believe we should get along to page 331, including the deputies. If you are going to sit on Friday morning we shall leave the recommendations to the last.

MR. CHAIRMAN: Well, we shall try to make as much progress as we can tomorrow and see how the situation develops.

HON. MR. DAVIS: We have thirty-three pages left. Of course, there are some important pages. We can get to the recommendations on page 331 tomorrow, and finish up on Friday morning at the latest.

THE CHAIRMAN: Thank you. We shall meet tomorrow morning at 10.30.

The Commission adjourned at 4.30 p.m. until 10.30 a.m., Thursday, December 16, 1937.

ROYAL COMMISSION ON DOMINION-PROVINCIAL RELATIONS

REPORT OF PROCEEDINGS

[Saskatchewan -

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REGINA, SASKATCHEWAN, DECEMBER 16, 1937

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ROYAL COMMISSION ON DOMINION-PROVINCIAL RELATIONS

REGINA, SASKATCHEWAN, DECEMBER 16, 1937.

The Royal Commission appointed to re-examine the economic and financial basis of Confederation and the distribution of legislative powers in the light of the economic and social developments of the last seventy years, met at the Legislative Buildings, Regina, Saskatchewan, on Thursday, December 16, 1937, at 10.30 a.m.

PRESENT:

HON. CHIEF JUSTICE NEWTON W. ROWELL....CHAIRMAN

DR. JOSEPH SIROIS)	
)	
JOHN W. DAFOE, Esq.)	
)	
DR. ROBERT ALEXANDER MacKAY)	Commissioners
)	
PROFESSOR HENRY MORRIS ANGUS)	

Commission Counsel:

Louis S. St. Laurent, Esq. K.C.

Secretariat:

Alex. Skelton, Esq.	Secretary
Adjutor Savard, Esq.	Secrétaire Français
R. M. Fowler, Esq.	Legal Secretary
Wilfrid Eggleston, Esq.	Assistant to the Secretary

FOR THE GOVERNMENT OF SASKATCHEWAN:

Hon. W. J. Patterson	Premier
Hon. T. C. Davis	Attorney General
Hon. J. M. Uhrich	Minister of Health
Hon. J. W. Estey	Minister of Education
Hon. J. G. Taggart	Minister of Agriculture
Hon. George Spence	Minister of Public Works
Professor V. C. Fowke	University of Saskatchewan
Professor J. Mitchell	University of Saskatchewan
F. C. Cronkite, K.C.	Dean, College of Law
A. S. Sibbald, K.C.	Debt Adjustment Board
S. Quigg, K.C.	Attorney General's Department
S. P. Groch, K.C.	Chairman, Local Government Board
W. McEwen, K.C.	Deputy Minister of Education
Dr. J. H. McKechnie	President, University of Saskatchewan
Dr. J. S. Thomson	Past President, University, Sask.
Dr. W. C. Murray	Farm Management Dept. University of Saskatchewan
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Chairman, Debt
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G. W. Myers, Esq.
W. J. Hansen, Esq.

Department of
Agriculture

Legislative Buildings,
Regina, Saskatchewan,
December 16, 1937.

MORNING SESSION

The Commission met at 10.30 a.m.

THE CHAIRMAN: Very well, Mr. Davis.

HON. MR. DAVIS: We are at page 302, Mr. Chairman, Part X, dealing with "Saskatchewan as a Part of the Economy of Canada." I have been stressing throughout the whole of this Brief facts and figures which indicate the importance of Saskatchewan to the economy of Canada. I have been stressing upon eastern Canada in particular, that all we are asking is that they may study this brief, and this Part X is important from the standpoint of eastern Canada. The section is short, consisting of three pages, and in view of the importance of the section I think I cannot do better than read it, Mr. Chairman.

THE CHAIRMAN: Very well, Mr. Davis.

SASKATCHEWAN AS A PART OF THE ECONOMY OF CANADA

"The contribution which Saskatchewan has made in conjunction with the neighboring provinces of Manitoba and Alberta to the general welfare of the Dominion is illustrated in part by an examination of the agricultural and industrial development of the provinces of Ontario and Quebec since 1881.

The general setting is indicated by Table I-- I am going to refer to that in a moment.

"The general setting is indicated by Table I which presents (a) data relating to the growth of the population of Ontario and Quebec, and also in the Prairie Provinces, and (b) the number of persons occupied in agriculture in these two areas. In Ontario and Quebec there was a steady growth of population from 1881 to 1901 of somewhat under one per

"cent per year. Census reports indicate from that time on a rate of growth almost twice as great." That is important as indicating the steady growth of population in Ontario and Quebec, and at a rate of growth almost twice as great since 1901 as from the period 1881 to 1901.

"In these two provinces the number of farms and the persons occupied in agriculture are remarkably constant over the fifty year period (1881-1931), and little expansion occurred in the acreage of field crops. The relatively unchanging status of agricultural operations continued while industrial development was conspicuously active and it was in growing industries that occupations were found for the increasing population. In the west rapid increases in population came about, particularly following the close of the last century, through a new settlement actively encouraged for the definite objective of bringing into being an extensive new agricultural region, which incidentally created a market demand for a wide variety of manufactured products.

The growing market for industrial products in the western prairies was expanded by an increase in population of about one and a half million in the twenty years from 1901 to 1921. During the same period the home markets of Ontario and Quebec experienced an expansion of demand for their products of an approximately equal amount. It was in these western markets that the growing industries of Ontario and Quebec were able to find a large and highly profitable outlet for their products.

In contrast with the lack of change in the number of people occupied in agriculture in Ontario

"and Quebec is the growth in other industries, which may be shown by the data relating to manufactures for the thirty years 1900 to 1930. Before 1900 the rate of growth of manufacturing industries had been slow with some declines from 1890 to 1900. For the province of Quebec the number of employees in manufacturing establishments increased from 110,329 in 1900 to 158,207 in 1910, (43.4 per cent), and made further substantial increases from 1910 to 1920, (about 17.8 per cent), with a further expansion of about ten per cent from 1920 to 1930. Salaries and wages paid the employees showed gains in proportion with a slackening of the rate of increase before 1930. Capital invested in manufacturing concerns increased very rapidly throughout the period. The situation in Ontario was similar in character. Employees in manufacturing industries increased by 47 per cent from 1900 to 1910, by 26 per cent from 1910 to 1920, and by 2 per cent from 1920 to 1930. The total amount of salaries paid to employees doubled from 1900 to 1910, trebled from 1910 to 1920; the 1930 figures registered a slight increase over 1920. Capital invested in manufacturing industries practically trebled from 1900 to 1910, more than doubled from 1910 to 1920 and increased by 45 per cent from 1920 to 1930. By 1930 the total investments in the capital of manufacturing industries in Ontario was 11.3 times that of 1900, and 2.2 times the estimated value of the farm land and buildings reported in the census of 1931 for that province."

Table I gives the Statistice of Growth of Population and of the Numbers of Persons Occupied in Agriculture in Ontario and Quebec and the Prairie Provinces, 1881-1931.

THE CHAIRMAN: Mr. Davis, not to question in any way the general conclusion which you have reached, and which I have no doubt is correct, there is this to be borne in mind, that a very great expansion in industry took place in Ontario and Quebec during the war years involving enlargements of plant, factories and so on for the manufacture of munitions and things of that kind.

HON. MR. DAVIS: Yes.

THE CHAIRMAN: That is one element that should be borne in mind.

HON. MR. DAVIS: Yes, I think that is quite correct, Mr. Chairman. I do not think we can say that the entire growth of industry in Quebec and Ontario was due to the growth of agriculture in Saskatchewan, Manitoba, and Alberta, but I do not think anybody can deny the fact that the aim of the national policy in taking over and settling the Northwest Territories was that their development would react upon other sections of Canada, and it has had that effect.

Then Table II gives "Statistics of Manufacturing Industries in Ontario and Quebec, 1900-1930." Those are the figures I referred to before, supporting my argument. You will note that the increase of salaries paid in industry in Ontario was from 56 million dollars in 1900 to 370 million dollars in 1930; and in Quebec an increase from 36 million dollars in 1900 to 216 million dollars in 1930.

You will also notice the tremendous increase in the number of employees in 1930 as compared with 1900. In Ontario the number of employees in 1900 was 161,000 and that had increased to 307,000 in 1930; in Quebec the number of employees in 1900 was 110,000 and that

had increased to 204,000 in 1930.

Likewise the capital invested increased tremendously. In Ontario the capital invested in 1900 was 215 million dollars, and in 1930, 2,431 million dollars, or roughly two and a half billion dollars. All that increase took place in the short period of thirty years, which after all is a comparatively short period in the history of a country.

THE CHAIRMAN: What is that last figure?

HON. MR. DAVIS: It is two billion, four hundred thousand dollars of capital invested.

THE CHAIRMAN: Oh yes.

HON. MR. DAVIS: It is a tremendous increase in that comparatively short period, because while thirty years may seem a long time in the life of a man, it is a very short period in the life of a nation.

Likewise in Quebec there was an almost incredible increase in the capital invested. It increased from 142 million dollars in 1900 to 1,727 million dollars in 1930, or roughly one billion and three-quarters.

COMMISSIONER MacKAY: That increase took place between 1900 and 1930?

HON. MR. DAVIS: Yes, in a period of thirty years.

Now I go to page 304:

"With the changes accompanying the progressive industrialization of Ontario and Quebec, came changes in the proportion of the population reported as rural, which had steadily declined since 1881. In that year Ontario had 61 per cent of her people in rural areas, and Quebec 66 per cent. By 1911 the rural population of Ontario was about 47 per cent of the total and of Quebec 52 per cent."

Speaking offhand, I do not think there was an actual decrease in the number of the rural population, but the increase of population in the non-agricultural sections reduced the percentage that the agricultural population bore to the whole.

"The latest census, 1931, showed Ontario with 39 per cent of her population in the rural classification and Quebec with 37 per cent.

The proportion of the total population engaged in agriculture has declined steadily since 1881 in Ontario and Quebec. Figures for 1881 showed 14.9 per cent of the total population of Quebec occupied in agriculture and 15.8 per cent of that of Ontario. Corresponding figures for 1911 were Quebec 10.2 per cent and Ontario 12.1 per cent; and for 1931, Quebec 8.0 per cent and Ontario 8.9 per cent. Of all persons gainfully employed in 1931 Quebec had 22.5 per cent in agriculture and Ontario 22.7 per cent, whereas in Saskatchewan 60.2 per cent were so employed."

That just shows the difference between the economy of the two sections of Canada.

"The early developments of agriculture in Quebec and Ontario included a substantial proportion of dairy and livestock farming, for which the areas included in the farms are naturally adapted. The growing of grains, particularly fall wheat, oats and barley were usually fitted into a rotation which included a fairly large amount of land for hay. The more hilly parts of the farms were available for pasture. There were certain areas which were found to be particularly favourable for fruitgrowing and others near large centres where specialized operations for market milk production and truck farming

"were established on a limited scale. With the increase of non-agricultural population came a gradual change in the type of markets available for agricultural products, and consequently adaptations in the types of farm enterprises. The growth of the old centres of industry and the establishment and development of new ones brought about an ever increasing demand for food rproducts which could best be produced on nearby farms, e.g., milk for consumption, in fluid form, cream for household use, vegetables, fruits of certain kinds, poultry and eggs. It thus became profitable to modify the existing tupe of farm organizations to take advantage of the new markets and introduce a degree of diversification of farm enterprises."

That indicates how the agricultural industry in those two provinces was diversified and developed as a result of the local market created by those engaged in industry in those provinces. The next paragraph stresses that.

"An example of the degree of change is to be seen in connection with the production of markot milk for urban centres. In 1901, the requirements of fluid milk in urban centres, assuming one-half pint per capita, amounted to 11.8 million gallons per year for the province of Quebec and 17.1 million gallons for Ontario. Comparable figures for 1931 showed Quebec 33.1 million gallons and Ontario 38.3 million gallons. The increase in requirements ofor these two provinces amounts to 42.5 million gallons, or 147 per cent of the amount needed in 1901. The increase in consumption of other foods may be expected to be in much the same proportion, modified by such changes as may have been brought about by

"shifts in consumer habits. Such shifts in consumption habits that did take place in general favoured the consumption of products of the districts adjacent to the consumers.

The developments in western agriculture, of which those in Saskatchewan were the most spectacular, were in large measure responsible for the industrial expansion of Quebec and Ontario. As observed by Professor Innis in "Problems of Staple Production" (p.99).

'It is difficult to over-estimate the importance of wheat to Canadian industrial development and to Canada's present problems. The economic and political structure of Canada have been built up in relation to the production and export of wheat....Moreover, the expansion of industry in eastern Canada, and the consequent revolution of eastern agriculture was largely a result of the opening of the west, especially after 1900. The development of the lumber industry in British Columbia and the development of coal mining and the iron and steel industry in the Maritimes were stimulated by the marked increase in the production of wheat....On the whole, wheat has continued in the war and post-war periods as the *raison d'etre* of enormous investments of capital in Canadian transport, industry and agriculture, and fluctuations in the volume of wheat produced in Western Canada have been registered directly and indirectly in the economic conditions of other parts of Canada. Its influence has been tempered by the growth of mining and of pulp and paper industries, but it remains of basic importance.'

I heard an interesting address in England this summer at the Empire Parliamentary Association by Mr. Morrison, the British Minister of Agriculture, who was stressing the fact which I as a western Canadian had not realized, that the whole agricultural economy of Great Britain was completely revolutionized as the result of the opening up of the Canadian West. He said that their whole agricultural economy had been altered as a result of the opening up of the Canadian West, and we are urging the same thing here in the next paragraph as to its effects on the eastern provinces of Canada:

"It is thus seen that Western Canada, of which Saskatchewan is so important a part, has contributed in no small measure to the establishment of industries in general, and also of agriculture in other parts of the Dominion of Canada. Accompanying the establishment of industries in Quebec and Ontario have come more people, more wages and salaries and more expenditures for agricultural products as well as for the products of the industries these non-agricultural people are engaged in. Without increasing the number of people occupied in agriculture in these two provinces, there has been an adjustment of the general farming operations to a well developed and diversified agriculture operating in large measure to supply a particularly attractive market near at hand."

COMMISSIONER MacKAY: Mr. Davis, it seems to me that you have overlooked one unfortunate result in eastern Canada of the opening up of the west. It undoubtedly affected adversely, and very seriously, certain portions of eastern Canadian agriculture. The counties of Grey, Huron and Bruce, in Ontario, for

example, have gone away back in population and in the area of land under cultivation, and no doubt the same is true of other areas in Ontario and the Maritime Provinces.

HON. MR. DAVIS: Has that been due to the diversification of farming?

COMMISSIONER MacKAY: It has been due particularly to the fact that the West has become the wheat growing area for Canada, and consequently wheat growing has not been developed in eastern Canada. I think that qualification ought to be put in. The effect of the opening up of the west has not meant growth everywhere for eastern Canadian agriculture.

HON. MR. DAVIS: I would not urge that. What has happened here has no doubt had an effect on the agricultural economy of eastern Canada and has compelled them to change to diversified farming, to go in for the production of milk and other things; but the growth of western Canada has in turn provided a market to some extent for those things in eastern Canada.

COMMISSIONER MacKAY: Benefitting some farmers in eastern Canada and adversely affecting others.

HON. MR. DAVIS: Yes, and it has had that same effect, as I said a moment ago, in Great Britain. I found that out this summer. They have ceased in Great Britain to produce grains to any appreciable quantity, and their land has gone back to pasturage, and they are engaged in a more or less diversified farming on these pasturage lands--and all that has been brought about by the production of wheat in western Canada.

THE CHAIRMAN: I think that Mr. Morrison, the Minister of Agriculture in Great Britain, must have exaggerated the effect of Canadian production on agriculture in Great Britain. I should have thought that the Argentine

had been a factor the same as western Canada in producing changes in Great Britain so far as grain production is concerned, and that Australia and the Argentine, particularly, would have produced effects in the matter of stock raising in Great Britain.

HON. MR. DAVIS: His remarks were definitely directed to what had happened in western Canada. He seemed to feel that the production of large volumes of our high grade wheat at low cost had of necessity driven their farmers out of the production of grain, and had converted agriculture in Great Britain from a wheat or a grain growing proposition to a pasturage and mixed farming proposition. I presume that if Great Britain ever desired to make herself self-sustaining, and converted her pasturage into agricultural land, it would have repercussions in other countries.

THE CHAIRMAN: Of course, they have been endeavouring to increase their production of wheat and other grains by a system of subsidies.

HON. MR. DAVIS: I think it is evident that in spite of everything that may be done by a system of subsidies to make her self-sustaining, she would not try to change the economy of agriculture in Great Britain to the point of trying to become a self-sustaining country.

THE CHAIRMAN: No, they could not.

HON. MR. DAVIS: They leave that market for us as a matter of national policy, and I think the people of Canada hardly appreciate the risk that Great Britain is taking in leaving that market for the people of western Canada particularly, because if we lost that market there would not be much use in our producing wheat here in western Canada.

THE CHAIRMAN: There is no doubt about that. It is

a most important factor in the situation.

HON. MR. DAVIS: I continue with page 305:

"In contrast with the single crop system of farming of the Prairie Provinces, with its many uncertainties, the agriculture of Quebec and Ontario, primarily engaged in supplying the needs of industrial areas, seems particularly favoured. The farmers of Western Canada have made a significant contribution to the diversification and stability of Eastern agriculture."

The result has been to put the eastern provinces in a more stable position as they have got a diversification of farming.

"These observations direct attention to some features of the contribution of Saskatchewan to the welfare of the other provinces and of the Dominion as a whole. The contribution of the wheat economy to the support of the national transportation system has been referred to in an earlier portion of this submission."

That is the end of that section. I have already stressed the fact that when we produce one and a half billions of new wealth in wheat alone in an eight-year period, it is bound to reflect itself elsewhere in Canada because our people have to buy the things they need from other parts of Canada, and it brings also a tremendous business to the railways.

THE CHAIRMAN: There is no doubt about the truth of that general proposition.

HON. MR. DAVIS: Yes, and all we ask is that the people of eastern Canada study and appreciate what we have emphasized in this brief.

Then we come to Part XI, dealing with "Provincial Finance--The Probable Future". At the beginning of

the brief, I indicated the present financial position of the province, and here we are anticipating what the future may hold in the way of receipts and expenditures. The Hon. Mr. Patterson, Premier and Provincial Treasurer, is here, and will be glad to supply any information that is required. I will now read the first paragraph on page 306:

PROVINCIAL FINANCE--THE PROBABLE FUTURE

"In the earlier parts of this submission an attempt has been made to give an accurate statement of the public debt of the province with the annual charges thereon, the revenues available and the expenditures necessary in order that the constitutional obligations of the province may be discharged in some degree. It is evident, however, that the Royal Commission on Dominion-Provincial Relations is interested in the future rather than the past. This is not to say that the past should be ignored: it is merely to say that the past is mainly of value to the extent that it teaches us concerning the future. And in the case of the public debt the past cannot be got rid of but continues to be a part of the present unless a doctrine of repudiation be resorted to."

Then we come to the average year, which I have been discussing.

An Average Year

"It has seemed advisable to present the fiscal position of the province in terms of a trial balance for the future. This has been no easy matter. From the material presented above it is very clear that the economy of Saskatchewan is extremely hazardous, the income of the province being subject to the widest of fluctuations in the course of a period of

"four or five years. The extreme variability of income is reflected in provincial revenues on the one hand and still more markedly in the demand for increased services of government on the other."

That again is stressed in the report of the Bank of Canada, how difficult it is to base a sound government finance on an economy of a province where the income fluctuates to such extremes within such a short space of time.

"Nevertheless, it was necessary that an attempt should be made to give a picture of governmental finance in terms of the future and for this purpose an average year was resorted to. The average year was found by an examination of long-time production and price records, weighted as far as possible by available data with reference to soils, population and production trends. The future, it must be admitted, contains many elements of chance, especially when the weather is included. Nevertheless some value may be claimed for the method employed particularly since no other method is available for substitution.

According to the best information available then, we may predict for this province an average crop of some one hundred and ninety million bushels of wheat each year. Wheat will bring to the farmer an average price of seventy-five cents per bushel. The estimates regarding other agricultural products need not be included for our present purpose and it may be remarked that the estimate as to the production of wheat is fairly optimistic."

I think those averages are taken from the actual averages of previous production and the actual averages of previous

prices.

THE CHAIRMAN: Covering what years?

MR. TAYLOR: As many years as information was available for.

PROFESSOR BRITNELL: I think it was all the years from 1905 to the present, excluding the war years and two years after the war, because there was then a rather unusual price situation.

THE CHAIRMAN: But in considering the production these years would not be excluded?

PROFESSOR BRITNELL: No, I meant as regards prices.

THE CHAIRMAN: In considering yield, have you taken every year from 1905?

PROFESSOR BRITNELL: Yes.

THE CHAIRMAN: And so far as prices are concerned everything except the years 1914 to 1920?

PROFESSOR BRITNELL: Except from 1915 to 1920.

HON. MR. DAVIS: That is when prices were abnormally high, running to \$2.50 a bushel in one or two years. I continue at the bottom of page 306:

Dangers of the Method Employed

"In order that a rough estimate of the future might be made it has been deemed necessary to employ the method outlined above. In so doing, however, it is vital that at least three considerations should be kept in mind.

(1) A balanced budget is not an end in itself, but only a means to an end, the real object being the satisfaction of the wants of the people. As has been remarked, a budget may be balanced on the misery of the people. The Government of Saskatchewan insists that its case shall not be considered merely as a matter of achieving a balanced budget with provision

"for debt retirement. There is a more fundamental requirement, that the position of the people of Saskatchewan under the national economy should be corrected. From the materials already presented it is evident that farmers and others are burdened with debt, operating with capital equipment rendered inadequate by depreciation and with net incomes insufficient to maintain a reasonable standard of living. Under such circumstances the province should not be put aside merely with a subsidy that will permit of a balanced budget. The problem goes deeper. The effect of the tariff, for instance, which operates to take a large share of the income of Saskatchewan producers, must be considered. To be in a position to enjoy the Canadian standard of living seems a modest hope."

THE CHAIRMAN: It is the Canadian standard of living, not of social services?

HON. MR. DAVIS: Not of social services, but we are not urging that the treasury of Canada should be utilized to make actual expenditures to equalize the standard of living. It is only a reiteration, possibly, of what I have stressed throughout the whole brief, except perhaps that it draws attention to those figures which pertain solely to the province of Saskatchewan and have nothing to do with the welfare of the people.

THE CHAIRMAN: It must also be borne in mind, Mr. Davis, that it is difficult to define a Canadian standard of living. I do not know what a Canadian standard of living can possibly mean if you consider it apart from social services, because in every province there is a difference in the standard of living of different people in different walks of life in the province. It varies in localities within the province,

and varies from province to province. The only way you could deal with it is probably on the basis that you have suggested, of social services.

HON. MR. DAVIS: Yes. I understand how difficult it would be for anyone to define a Canadian standard of living, but I think that we can agree on a minimum standard of living as meaning the ordinary decencies of life. The luxuries above that should not be taken into account in any definition of a standard of living, for the people who can secure those by their own efforts are in a different category. Then paragraph two:

(2) While a prediction of revenues and expenditures is being made on the basis of an average year it must be kept in mind that most years will not be average years. There will be good years and bad years, bumper years and drought years. The good years cannot be availed of to produce sufficient reserve in the form of revenues to the province in order to carry the burden of a hazard economy during years of drought and depression. The opinion has already been expressed that direct relief should be considered as a national social service. In addition, the insurance principle should be applied to this province as far as possible in order to distribute the risks of an extremely variable income.

HON. MR. DAVIS: That has possibly no relation to the figures that follow, but I think that as a matter of policy we should so far as practicable in an economy where the income from production is so variable, apply the insurance principle to equalize the income of the province as between good years and bad.

THE CHAIRMAN: In the absence of the insurance principle, assuming that for any reason it was not considered practicable, is not the suggestion contained in the Bank of Canada report a feasible one, that in the good years you should make provision for the lean years, as they did in Egypt in olden time? Not in the form of putting wheat in elevators but by a production tax or some method whereby the good years would help carry provincial revenues over the lean years?

HON. MR. DAVIS: As a matter of sound financing I think that that is a principle that should apply to everyone in their private finances, but when it comes to public finance in a democracy it is a totally different thing.

COMMISSIONER ANGUS: There is a little ambiguity about variable income. Apart from the disaster of the last six or seven years, did the variable income of the province give great financial difficulty? I mean, did it give great financial difficulty, for instance, prior to 1930?

HON. MR. DAVIS: Variability of income was there at that time, but not to the extent it has been present in the last six or seven years, when the drought has aggravated the fluctuation of prices. Variability of income was there in those earlier years, but it would not be reflected in the economy of the province because in those years our debt was low and our debt carrying charges small, so we had no difficulty carrying on government in this province, I think, from 1905 to 1929. There were only three years, if I remember correctly, when there were deficits on current account.

HON. MR. PATTERSON: In the immediate post-war depression of 1920 and 1921 the finances of the province were temporarily in not a very good condition. I think the accumulated deficit amounted to about \$4,000,000, but by practicing very rigid economy in 1921, 1922, and 1923, that difficulty was overcome. We had an evidence of the effect of variability of income in those years, brought about largely by reason of depressed prices as compared with prices in the period before.

COMMISSIONER ANGUS: What I meant was that the post-war depression affected the finances of a great many countries. It was not peculiar to Saskatchewan.

HON. MR. DAVIS: No.

COMMISSIONER ANGUS: And the variability of income in the last few years has had an exceptional feature about it, that low prices and bad crops have come together, and you have had bad crops in rapid succession. I think that might be looked upon rather as a special calamity than as something that is likely to recur.

HON. MR. DAVIS: Undoubtedly it has accentuated the problem in the last few years, but in the economy of the province that factor of variability must never be forgotten. We are an agriculture province, dependent solely upon agricultural production, and 80 per cent of our production is wheat, which is subject to all sorts of hazards both as to yield and prices.

COMMISSIONER ANGUS: What I was trying to do was to distinguish the normal variations from the calamitous variations, and I was asking if it had been impossible to get along in periods when you had only normal variations.

HON. MR. DAVIS: We were able to take care of the normal variations in the light of the financial condition

of the province at that time, but that has changed seriously in recent years.

THE CHAIRMAN: Mr. Davis, is not the proposition you lay down that in a democracy you cannot accumulate in good times for a time of anticipated adversity? But is that a sound proposition? If there were no outside source from which relief could come--and that is one of the weaknesses of our Confederation system, but it may be one of its sources of strength also--if there was not always the possibility of relief from an outside source, if the provincial government were in the last analysis bound to rely on itself and its own income in order to carry on the work of government, would there not be sufficient common sense and appreciation of the situation in the mind of the average elector to justify a government in accumulating in times of prosperity the resources required to meet a period of adversity?

HON. MR. DAVIS: My best answer to that is this. Let me give an instance from this province, and I am doing so, not for any political reason at all--I do not want to interject anything of a political nature into this hearing--but certain things happened in this province which may serve to illustrate the point you have raised, Mr. Chairman. I am not objecting, of course, to the decision of the people or anything of that kind, and I do not want anything I say to be construed as being of a political nature in the slightest degree whatsoever. But in 1929 this province was in as good a financial position as any province in Canada, perhaps a little better. In addition to using our liquor profits for purposes of sinking fund, we set aside \$2,000,000 in a special account to build up reserves. The question of highway construction arose in

the province and it became one of the main issues in the campaign. Pursuant to the policy we had practiced as a government for 25 years we went out and said to the people, "Let us build these highways and pay for them as we go along, build them on a pay-as-you-go basis," but those in opposition to us said, "No, we propose to borrow and spend \$20,000,000 and to get this work done at once." That policy appealed to the people in preference to ours, which we felt was a sound policy, and we went out of office, and those who started this other policy came in, and with the authority and backing of the votes of the people they did what they said they were going to do. That is one of the difficulties we are now facing in finance in this province, as a result of that policy, It shows you how difficult things are in a democracy.

THE CHAIRMAN: Even a democracy may have to learn its lesson. It may have to learn it once or twice before it finally learns it, but would it not learn it in time? Would it not learn that it must make provision in more prosperous times for the less prosperous times that will come?

THON. MR. DAVIS: Well, it should, but it is pretty difficult to get into the mind of the individual or a group of individuals that that is the best policy to pursue. When people are young they do not think about what is going to happen to them when they are sixty-five or seventy years of age, and they spend all they get, and do not start to accumulate anything for their old age. How are you going to change human nature? It is not right, of course, that they should not prepare for the future, and that is why I think there should be an insurance scheme in order that these people who do not realize that old age is coming should be compelled

in youth to provide for it.

COMMISSIONER DAFOE: When you speak of the application of the insurance principle you mean, I judge from the discussion of the past few days, that the principle is to be applied by the people of Saskatchewan with possibly some initial subventions from the central power?

HON. MR. DAVIS: Yes, a crop insurance scheme, if it must be restricted to Saskatchewan, if one can be properly worked out, should receive some help from the federal treasury over a period of a few years to get it going so that when the next catastrophe happens we shall have built up some resources ourselves to take care of our requirements in that day. Then there is unemployment insurance and national health insurance. While all these things may take a long time to come about, they should be the objectives to which the state and the people, not only in Saskatchewan, but all throughout Canada should be working, and let us have these things on a contributory basis and make the people pay for what they are going to get. I continue on page 307:

"3. The fiscal needs of the municipalities have not been considered in the anticipated budget here presented."

While that perhaps is not a matter for this Commission, we have to step in and help the municipalities of this province, and the degree of help we can give them is dependent, as I said yesterday, on the amount of shoulder room we have, and that in turn is dependent on the amount of assistance we get from Canada.

Calculations for an Average Year

"Based upon the existing sources of revenue

"and upon expenditures made necessary by existing responsibilities, a budget estimate has been made for an average future year. An average year is considered to be one in which the province would produce a wheat crop of 190 million bushels with a price to the farmer of approximately seventy-five cents per bushel.

Because of the various changes in the tax structure of the province it has been impossible to pick out any one year in the past as indicating the revenues which the provincial government might reasonably expect to collect in an average year of the future. In view of this it was felt the most practical method of making an estimate would be to take actual revenues for the fiscal year 1936-37, and, with that as a basis, endeavour to estimate the increases that would occur with an average crop."

But strange as it may seem I think I am right in saying that the actual revenues for 1936-37 are the highest in the history of the province of Saskatchewan. Am I not right, Mr. Premier?

HON. MR. PATTERSON: I think so.

HON. MR. DAVIS: And that is the result of the imposition of more taxes.

THE CHAIRMAN: If you can do that in a bad year, is it not an indication of what you could do in a good year?

HON. MR. DAVIS: It has a relationship to it. These figures that we are giving have been prepared by the Treasury Officials and they are here. They have taken what we have been able to do in a bad year, and have estimated what these same sources of revenue would be likely to produce in an average year, and their estimates are to be found on page 308.

"In estimating expenditures the extent to which reductions have taken place in the past four years has been kept in mind. Close consideration has been given to the level of expenditures of the late twenties and early thirties.

Estimated Revenues

Table I sets out in detail estimated revenues for an average future year as compared with actual revenues for 1936-37.

Dominion Subsidy

1. While a special subsidy of \$1,500,000.00 is to be received in 1937-38, the estimate for an average year has been made on the same basis as for 1936-37 since there is no guarantee that the special subsidy will be of a continuing nature."

Except, as I understand it, that that subsidy will continue as long as these conditions prevail, and we shall have difficulties until this Commission reports, and until something is done as the result of their report. Is that not correct, Mr. Premier?

HON. MR. PATTERSON: That is the understanding.

HON MR. DAVIS: Then 2:

School Lands Fund

2. A comparison of the estimate made for an average year with 1936-37 indicates an increase of \$178,000.00. Due to a reduction in the rate of interest paid by the Dominion to the province for school land purposes, the actual increase provided for is \$267,000.00."

MR. J. A. TAYLOR: I might say, Mr. Chairman, that the \$17,800,000 of Dominion bonds, which carried a rate of interest of 5 per cent for half the period, and then it was reduced to 4 per cent; so there is about half of 1 per cent interest included in this amount for

1936-37, which will not be received in subsequent years.

HON. MR. DAVIS: That is a trust fund, and it cannot be utilized for anything but school purposes.

THE CHAIRMAN: That means a reduction of revenue?

HON. MR. PATTERSON: I might explain, Mr. Chairman, that there are two sources of revenue so far as school lands are concerned. Certain of these lands have been sold and the proceeds are in the form of a Dominion Government security on which they paid up until July 1st of last year 5 per cent, and then on that date the interest was reduced to 4 per cent.

In addition to that, there is the revenue from the unsold school lands by way of leasing for grazing purposes, and in some cases where the land has reverted and been sold, it is leased for crop purposes. I think probably you have sufficient experience to know just how little rental you can expect from lands that are leased in that way.

THE CHAIRMAN: I notice that under this head of "School Lands Fund" you speak of this reduction in the rate of interest, and then you say "the actual increase provided for is \$267,000.00."

HON. MR. DAVIS: How much is invested in contracts?

HON. MR. PATTERSON: About \$16,000,000.00.

HON. MR. DAVIS: In addition to those bonds of the Dominion of Canada, there would be from \$16,000,000 to \$20,000,000 of contracts for school lands sold which have not been paid for.

THE CHAIRMAN: I do not understand the figures on page 308 and those on page 309. Page 308 says:

"The actual increase provided for is \$267,000.00". When one looks at the figures given on page 309, the actual increase provided for is \$179,000.00.

HON. MR. DAVIS: Mr. J. A. Taylor, of the Treasury Department, might explain the discrepancy between these figures.

MR. TAYLOR: Mr. Chairman, if you will look at School Lands Fund, and suppose the \$17,800,000 was earning 4 per cent for 1936-37, then when you compare 1936-37 with our estimate, you would have an increase provided of \$267,000, because that reduction in the rate of interest is fixed, from now on, from 5 to 4 per cent. So during 1936-37 we had roughly \$88,000 additional revenue from Dominion bonds that we shall not have in subsequent years.

THE CHAIRMAN: The point I had in mind is this. If you turn to page 309, you show the actual revenue for 1936-37 to be \$1,021,000 odd, and you show the estimate for the average year as \$1,200,000, which is an increase of \$179,000. Now my difficulty is to reconcile that with the statement on page 308, where you say that the actual increase provided for is \$267,000.

MR. TAYLOR: It is \$267,000 in excess of what the actual revenues for 1936-37 would have been had that reduction in interest rate taken place at the first of the year rather than in the middle of the year. If we obtained the same revenue in 1937-38 from our unsold school lands, the estimate for an average year provides for an increase of \$267,000 because we had \$88,000 in 1936-37 that we will not have in subsequent years.

COMMISSIONER ANGUS: If you inserted after the word "increase" in the phrase "the actual increase provided for is \$267,000.00" the words "from leasing lands", that would make it right, would it not?

MR. TAYLOR: Yes.

HON. MR. DAVIS: The next paragraph deals with Taxation. I presume the Commission desires to go through

these figures later, and so I shall not comment on them now. The next paragraph deals with Licenses; the same thing applies there; then Fees; the same thing applies; then Public Domain.

Now we come to page 309 which gives a Table of "Estimated Revenues-Income Account for an Average Future year".

The first item in the table is Dominion Subsidy. These figures are about the same, unless some special subsidy is given.

THE CHAIRMAN: As you have already pointed out, that does not include the \$1,500,000?

HON. MR. DAVIS: No, because it is of a temporary character.

Then take Taxation. The first tax is the Inheritance tax; that is Succession duties, and the estimate for the average year is \$300,000.

THE CHAIRMAN: Why do you think that will be reduced?

MR. TAYLOR: That \$300,000 represents an average year over a period of years. With Succession duties you can hardly take one single year and term it an average year. There may be an increase in the following year because of some large estates being taxed.

THE CHAIRMAN: How many years would you take to get the average?

MR. TAYLOR: About ten years, from 1926 to 1937, and it will average approximately \$300,000.

HON. MR. DAVIS: On page 90 of the Brief we set out the Succession duties collected from 1912 to 1937, and that will be needed perhaps for reference in dealing with this table. In 1912 the Succession duties collected amounted to \$33,000, and the highest amount collected in any year up to 1917 was about \$75,000 in 1914.

In 1918 it was \$117,000, and then in 1920 it started to increase, being \$278,000 in that year; in 1924 \$489,000. Then it went down to less than \$300,000 in 1927; in 1928, \$368,000; in 1929 \$410,000; 1930, \$468,000; 1931 \$323,000. Then it started to drop again to \$199,000 in 1932; \$177,000 in 1933; \$148,000 in 1934; \$223,000 in 1935; \$324,000 in 1936.

THE CHAIRMAN: It is not necessary to go through all that, Mr. Davis. Mr. Taylor says that the average is \$300,000 for that period.

HON. M.R DAVIS: The next item in Table I on page 309 is the Corporation tax. The actual tax for 1936-37 was \$571,000, and the estimate for the average year is \$750,000. Mr. Taylor can answer any questions as to how he has made up these estimates.

The next is Railways taxation.

THE CHAIRMAN: We discussed that before.

HON. MR. DAVIS: Yes, we discussed that fully. Then Public Revenues tax, the actual for 1936-37 was \$1,728, and the estimate for the average year is \$1,750,000. That is the tax on land, but as we have indicated throughout the brief we aim at a policy whereby that item can be removed from our revenues. But we are not in a position to do that now for the benefit of the municipalities or school districts, and so we have included that item, although ultimately we want to get it out of there.

The next item in this list is Wild Lands. That tax has been repealed. The next one is gasoline, the figure being \$2,500,000.

THE CHAIRMAN: What is the two and a half millions based on -- an average?

MR. TAYLOR: No sir. You cannot take an average because of the variance in the rates. You have no average year in which there was this hypothetical wheat income of \$142,500,000; so we take the gasoline for 1936-37 and take into consideration the fact that we had a very early spring in 1937. There was a certain increase in the consumption that related to that particular fiscal year, and the estimated wheat income of 190,000,000 bushels would produce the two and a half millions.

MR. ST. LAURENT: I assume that the amount of the gasoline tax would increase with the number of automobiles actually in use --- perhaps not in exact proportion, but in a general way it would increase with the number of automobiles that were in use.

MR. TAYLOR: Yes.

MR. ST. LAURENT: On page 299 you show that the motor licenses in 1929 numbered 89,475 for the cities and urban centres.

HON. MR. DAVIS: That is not for the entire province.

MR. ST. LAURENT: That is the number of motor licenses, in 1929, excluding the eight cities of the province but including smaller urban centres and all rural areas. The total was 89,475, and in 1935 it was 60,373. In other words, it was only two for every three that were there before. If that were so, would not the amount for licenses, shown a little lower down, on page 309, \$1,606,957 look more like \$2,400,000 than one and three quarters millions, and would it not mean something

very substantial that might be expected in the gasoline tax?

MR. TAYLOR: If you will turn to page 91 you will find the gross and net revenues received by the provincial treasury from the gasoline tax. In 1929, the good year, when all cars were on the road, there was a low rate.

MR. ST. LAURENT: The rate was lower then?

MR. TAYLOR: Yes.

MR. ST. LAURENT: If there was an increase of 50 per cent in the number of cars, the figures on page 299 would appear to make it probable, there having been that number in 1929 as compared with 1935, that there would be something more than the increase shown here. Would it not be fair to expect something more than the increase shown here?

MR. TAYLOR: You will find that in 1936 there was an increase over 1935 as indicated. For 1935 the figure was \$1,315,000, which was based on the cars operated in 1935; whereas for 1936 it is \$1,606,000. So that you should increase the 1935 car registration somewhat.

THE CHAIRMAN: What was the gasoline tax in the year mentioned when you got the \$1,200,000.

HON. MR. DAVIS: Three cents.

THE CHAIRMAN: That would give you, on your present basis of taxation, two million seven hundred or eight hundred thousand.

HON. MR. PATTERSON: But there is another factor to be taken into consideration, and that is the very large increase in automobile registrations in prosperous times. Farm cars are on the road for a limited period of the year. After all, the men in the province who have to drive cars continuously, commercial men and others in that category, have licenses now irrespective of good or bad times. They are the men who drive the largest number of miles

in the course of the year. The additional motor registrations will be largely in respect of farm and country cars that come into use about the first of May and go out of use in November or December.

HON. MR. DAVIS: The provincial Auditor draws my attention to the fact that in 1929 the figures are hardly comparable inasmuch as the refunds were scarcely made. Therefore the net is more than it should have been.

THE CHAIRMAN: In any event, all these figures will be checked by our financial experts.

HON. MR. DAVIS: Yes. The next item is income, \$600,000. In the case of the income tax, you must remember that there is a terrific accumulation of debt and a good deal of that income will go out in payment of interest, rehabilitation and so forth, and the result will not be reflected for many years.

Next is education. The estimate in this case is \$2,300,000. The figure for miscellaneous is \$75,000.

Next we come to licenses, the first being motor licenses. The other figures are not very important.

THE CHAIRMAN: Possibly, Mr. Davis, unless there is some special item which you wish to discuss, there is not much advantage in going into these tables in detail because the figures will have to be checked by our financial experts with your treasury officials.

HON. MR. DAVIS: That is satisfactory, Mr. Chairman.

COMMISSIONER ANGUS: There is one general question I wish to ask. Are these figures based on existing rates of taxation --

HON. MR. DAVIS: Yes.

COMMISSIONER ANGUS: ---or is it assumed that with the return of prosperity there will be a greater taxable

capacity, with higher rates imposed in some cases.

HON. MR. DAVIS: The general tendency is to demand low rates, but on the existing rates, I believe that if you take the rates of taxation in the province prevailing to-day you will find that they are as high as the people can bear. They are as high as the rates that will be found anywhere else in Canada.

MR. TAYLOR: The revenues we estimate here provide for an increase of 30 per cent over what was realized in the province in 1928-1929. Taking the 1927 and the 1928 crops, the wheat income was in excess of 50 per cent greater than the wheat estimate for the average year. So that while it may be possible to single out one or two sources of revenue and say that they are unduly low, when you take the composite picture and realize that we have provided for an increase of 30 per cent over 1928-1929, with a substantially lower estimated income, it is fairly optimistic.

COMMISSIONER ANGUS: I am not finding fault with the estimate; I simply wanted to be clear as to what the estimate was, whether it was based on existing rates or whether it contemplated the possibility of an increase.

HON. MR. DAVIS: That statement concludes on page 310 showing an estimated average revenue of \$18,784,000. In paragraph 7 we discuss the question of liquor profits, and in paragraph 8 superannuation fund contributions.

THE CHAIRMAN: Unless, in these statements, there is some special point which you think should be explained to us, I am afraid that we shall not gain much by going over them in detail. We shall have them all checked and shall then have a better understanding of the situation.

HON. MR. DAVIS: Very well. I come next to page 311,

where legislation is dealt with. The estimated expenditures are discussed on this page.

THE CHAIRMAN: The same would apply here unless there is something you wish to point out particularly.

HON. MR. DAVIS: We hear a good deal about abolishing the Legislature and other suggestions of that sort, but when you look at the actual figures you will find that in 1936, which was not an election year, the amount was \$168,000. How small that figure is in comparison with the total expenditures of the province; it is insignificant. Many people think that all you have to do is to abolish the Legislature and by that means remedy the financial ills of the province.

THE CHAIRMAN: I suppose that if they abolished the Legislature they would not be able to receive appropriations.

COMMISSIONER SIROIS: Under legislation we find \$8,279 for 1936-37 and \$20,000 as the estimate for the average year. Does all that go to lawyers?

HON. MR. DAVIS: No; I have not noticed it.

COMMISSIONER SIROIS: I am not complaining; I am merely drawing attention to the fact.

HON. MR. DAVIS: That includes the revision of the Statutes. I am sorry to say it does not all go to the lawyers, nor can we hold out any such hope to the legal profession of Saskatchewan. They would die of fright if you ever dumped \$20,000 among them. As you will see on page 311, in connection with education, it will take at least \$1,800,000 to restore school buildings and equipment to a reasonably satisfactory state.

The next we call attention to is teachers' salaries. That has already been discussed in previous sections and briefs have been submitted by the teachers and the trustees.

Passing on to the estimated expenditures, you will

note that we anticipate a return to a condition wherein it will not be necessary to maintain the debt adjustment boards. The expenditure for 1936-37 in connection with this item was \$96,000 odd, an extraordinary expenditure owing to the times.

Under education, on page 312, giving the estimated expenditures we give the figures for school grants, primary and secondary. In the case of the University we anticipate an increase from \$455,000 to \$700,000. After listening to Dr. Thomson yesterday, we are all the more convinced that there should be an increase in that item.

THE CHAIRMAN: I thought Dr. Thomson put it at \$600,000.

HON. MR. DAVIS: Yes; we might cut off \$100,000 from that. He could not have read the brief before he made the statement he did. I am sorry I had not called his attention to it.

THE CHAIRMAN: The University of Manitoba said they would be quite happy if they could get \$500,000 from their government. Their grant had been cut to \$250,000 and they thought they could carry on very well if they had an increase to \$500,000.

HON. MR. DAVIS: Have they not some lands -- some endowment fund?

THE CHAIRMAN: Yes, bringing in \$40,000 or \$50,000 a year. Unfortunately they have lost a large part of their endowment. I am merely drawing your attention to that fact.

HON. MR. DAVIS: If individuals in eastern Canada who are accumulating a lot of wealth would come here and endow our universities we would appreciate it very much. You will not get any endowments from anyone dying in

Saskatchewan in the next thirty years.

THE CHAIRMAN: I should hope that something would turn up before that time, Mr. Davis.

HON. MR. DAVIS: If the tariff is rectified it will help matters to some extent.

THE CHAIRMAN: I have more faith in the future than you express.

HON. MR. DAVIS: We shall probably get some of these wrongs righted; we hope so at any rate.

As regards this education item, I do not think it is necessary to go through the various sums enumerated under this heading. The next item is legal and judicial administration. As regards policing, that is done by the Royal Canadian Mounted Police and is done most satisfactorily and at a considerable saving to the province.

Under transportation and communications you will see a large increase in connection with highway maintenance. The Bank of Canada stresses the absolute necessity, if we are to save the vast investment we have in highways, of increasing the expenditure in this connection. The life of a gravel road is five years and it requires a considerable amount of money to keep these roads up to the required standard. There should be an expenditure of \$500 per year per mile, and we are restricted to \$100 with the result that this tremendous investment will be lost unless we make the necessary provision. It is necessary in order to save the situation.

Next we come to public welfare, the largest item being for mental institutions. You will note, under public welfare, an increase of roughly three quarters of a million which is due to the fact that we are obliged to have another mental institution.

Perhaps I might elaborate on what Dr. Uhrich said yesterday. We do not want to create the impression

that we have now jammed into the present institutions an increased number of patients. We have put up additional buildings in recent years -- dormitories -- but naturally you reach the point where adequate treatment cannot be given any increased number over those originally provided for.

There is an increase in hospital grants. In connection with old age pensions, we have included an item which, if the Dominion should assume the entire amount, would be removed from the expenditures and would reflect itself to that extent in the projected budget.

Next we come to agriculture and public domain. There is an increased expenditure there, because we think that the work contemplated in this item is something that should be done in this province. In an agricultural province such as this, there should be more representatives of the Department of Agriculture located throughout the province to assist in improving conditions on the farm. Technical agriculture should be taught to a greater extent. That explains the large increase in agricultural representation work.

There is an item set out for General Development of Natural Resources, the amount being \$100,000. I might call attention to that. When the resources of the province were taken over they were divided roughly into two categories -- agricultural land, and the rocky and timbered areas of the north; and in the development of these resources, those lands most easily developed were developed first, with the result that all agricultural lands were pretty well dissipated when the resources were turned over to the province of Saskatchewan in 1930. We were handed back those resources that were most difficult to develop. We feel that the Dominion should do as much

as it possibly can in the way of geological development in the north country. Something should be done in this direction.

The Dominion does assist us, but a great deal could be done in this province if more attention were paid to the mineral development of the north. The first necessity is to have the geological work done by experienced geologists, and the best place where that can be done is the Department of Mines at Ottawa.

The next step is to open the country so that it will be made accessible to the prospectors. The prospector follows the report of the geologist, but the area into which he is going must be made accessible to him. The reports of geologists are useless if the prospector is not in the field.

COMMISSIONER DAFOE: You have a deficit in connection with the administration of public domain.

HON. MR. DAVIS: Are you referring to the total for public domain?

COMMISSIONER DAFOE: The budgeted income is \$570,000 and the budgeted expenditure \$695,000.

HON. MR. DAVIS: Yes.

COMMISSIONER DAFOE: You are not getting any revenues?

HON. MR. DAVIS: No.

COMMISSIONER MacKAY: Are there no revenues from mineral development?

HON. MR. DAVIS: Very little yet. In this connection, I should like to read a brief statement to show the handicap under which we are operating:

" Some Handicaps and Losses of Revenue from
 Dominion Administration of Natural Resources.
 Coal Mines:

With an annual production of approximately one million tons of coal the province is able to collect royalty on only (approximately) one-third of that tonnage. The reason is, of course, that prior to the transfer of the resources to the province, the dominion had alienated from the Crown right and title to minerals that might lie under the surface.

For example, in the fiscal year ending April 30, 1936, the total gross production of the province was 984,778 tons. Of this total 639,515 tons were mined on C.P.R., Hudson Bay and freehold property, leaving 345,263 tons from Crown leases.

Although the departmental revenue from royalties can be collected on only about one-third of the product this Department is required to provide to all the same services, inspection and control imposed upon it by the Coal Mining Industry Act and the Coal Mines Safety and Welfare Act."

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The Dominion handed away our resources and gave them free of royalty taxation in the future. Two-thirds of our coal has gone in that way.

COMMISSIONER MacKAY: Where are your coal mines?

HON. MR. DAVIS: They are in the Estevan field. The Dominion handed over the mining rights to individuals before the resources were turned over to us, and they gave them away free of taxation in the future.

COMMISSIONER ANGUS: That item was no doubt before the Royal Commission on Natural Resources?

HON. MR. DAVIS: Yes. It shows why there is a deficit in this department. The same thing applies to gas and oil.

" Gas and Oil:

The situation will become even more complicated in the event of commercial discoveries of gas or oil or both being made in Saskatchewan. In fact the difficulties already exist because of the fact that any responsible organization prepared to undertake extensive geophysical examination or a programme of sinking test wells naturally requires a fairly large area within which to operate. The situation is, however, that it is impossible for them to merely deal with this department but they are compelled to contact not only C.P.R. and Hudson Bay Companies but freehold owners of property who likewise enjoy the mineral rights and make arrangements with all these individuals covering isolated quarter or half sections of land.

Furthermore, a gas or oil well can be drilled on freehold property which might become a gas or oil producer and which would draw its liquid product under ground not merely from the freehold area

"but possibly over a very wide extent of Crown lands. But inasmuch as the well itself was on freehold property none of the product would be subject to royalty".

With reference to forestry and timber:

" Much the same situation is found in connection with forestry. Under Dominion administration the policy of selling timber berths was followed and vast tracts of forested areas were thus disposed of, sometimes at a very nominal figure. Upon the lumber manufactured from logs cut on these old timber berths the province collects dues on a sliding scale based on the average selling price of the lumber and which dues in 1936 amounted to \$1.00 per thousand feet board measure. On the other hand under provincial policy forested areas are disposed of through publicly advertised timber sales at a present upset price of \$3.10 per M.

In other words our revenue from forested areas previously disposed of by the federal government is only approximately one-third of the sum realized from the sale of areas now under provincial control.

Nevertheless the department is under the obligation and responsibility of providing protective and other services to both classes of operations. "

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So that, in reference to these three resources, the policies pursued by the Dominion have reflected themselves in the revenues of this department.

COMMISSIONER MacKAY: When the natural resources were handed over, part of the agreement was that these private rights were to continue.

HON. MR. DAVIS: That is in the agreement; we were to assume the obligations of the Dominion in connection with them.

THE CHAIRMAN: And it means, so far as lands are concerned, that the Dominion grants included the minerals?

HON. MR. DAVIS: Yes.

THE CHAIRMAN: Any person who bought the land got the minerals with it?

HON. MR. DAVIS: Yes.

HON. MR. PATTERSON: Up to a certain date. I would not want to accuse the Dominion of continuing to carry out the policy of alienating the mineral resources beyond that time. In all earlier Crown grants the minerals were included with the surface rights.

HON. MR. DAVIS: Next we come to the question of interest, and we discuss that later on. At the top of page 315 we make this statement:

"While the payment of teachers' salaries is a responsibility of the school district, the government recognizes that substantial additional financial assistance must be given if salaries are to be restored and maintained at anything resembling a reasonable level."

Paragraph 4 on that page has to do with legal and judicial administration; I do not think it is necessary to comment on that. As to paragraph 5, transportation, I have already discussed that question.

I would call your attention again to the emphasis laid in the Bank of Canada report upon the necessity of increasing expenditures in connection with the highways of the province.

Paragraph 6 refers to public welfare,, and I think we have already dealt with that; and we have discussed agriculture and public domain on page 316.

THE CHAIRMAN: You have dealt with these?

HON. MR. DAVIS: Next we come to debt charges.

I might read that paragraph:

" As previously stated, in estimating debt charges it has been assumed that the Department of Telephones, Power Commission, and Wheat Pool will provide not only the interest on their indebtedness to the government but also the actual sinking fund contributions adequate to retire their indebtedness. In connection with the Farm Loan Board it has been estimated that it will provide interest and sinking funds for its capital indebtedness less the 4 1/3 million dollar deficit. In view of this, interest and sinking funds have been set up on what may be termed the "net" rather than the gross debt. The average rate of interest on all bonds, debentures and treasury bills at April 30, 1937, was 4.1 per cent, and this average rate has been used in computing interest charges. The sinking fund provision has been such as would retire the debt of the province in 30 years at 4 per cent."

On our bonded indebtedness the average rate of interest is 4.76 per cent, whereas on treasury bills owing to the Dominion of Canada the rate of interest is 3 per cent and combining the two we get an average rate of interest of 4.1 per cent.

THE CHAIRMAN: Is that the normal basis for retirement at the end of 30 years?

HON. MR. DAVIS: Four per cent?

THE CHAIRMAN: Yes.

HON. MR. TAYLOR: Our sinking funds do not contemplate the ultimate retirement of the debt; they are quite inadequate to do that. We had to take some basis in drawing the picture for the future. Thirty years is a very long term to contemplate, but it is reasonable to assume that the retirement will take place at the end of that time on the basis of 4 per cent.

HON. MR. DAVIS: Four per cent will provide the funds at the end of thirty years?

MR. TAYLOR: Yes.

HON. MR. PATTERSON: One per cent of the principal invested each year at 4 per cent.

HON. MR. DAVIS: If you take the bonded indebtedness at \$124,000,000 ---

HON. MR. PATTERSON: It is not one per cent of \$124,000,000.

MR. TAYLOR: It is worked out on the basis of the amount that will be necessary for the retirement of the debt at the end of the period.

HON. MR. DAVIS: On a four per cent investment basis. Take the debt at \$124,000,000. You want to retire it in thirty years, and you figure that the amount you would have to put into the sinking fund each year would be so much, invested at four per cent, to take care of the \$124,000,000.

MR. TAYLOR: That is right. It is estimated that we can invest the moneys on that basis.

COMMISSIONER ANGUS: In computing the net debt, do you take account of the sum awarded by the Royal

Commission on Natural Resources, or is it left aside as uncertain?

HON. MR. DAVIS: That is left aside; it is interjected here.

COMMISSIONER ANGUS: But you have \$5,000,000 under the majority report.

HON. MR. DAVIS: Yes.

COMMISSIONER ANGUS: And you hope for more under the minority report?

HON. MR. DAVIS: I do not think we would ever accept the majority report.

COMMISSIONER ANGUS: But anything you might get there would improve this position.

HON. MR. DAVIS: I think so. That is right. We anticipate that as soon as we get our relationship with Canada settled we shall start a scheme whereby to take care of the debt over a thirty-year period, with the object of retiring that debt.

On page 317 there is a table covering estimated interest and sinking fund charges. The figures are set out showing the stock and debenture and treasury bills less sinking funds and cancellation and write down of treasury bills.

THE CHAIRMAN: The figures are all set out on that page.

HON. MR. DAVIS: Yes. You will see the annual contribution to the sinking fund on a four per cent basis, necessary to retire \$130,000,000 in thirty years. The amount for that purpose is \$2,317,900. That can be paid in over a period of thirty years so as to get the capital necessary to make new investments and retire the debt, exclusive of other items. On page 318 there is this paragraph:

" It has been demonstrated in other sections of the submission that the province is economically and fiscally unable to finance a relief cost of some \$42,000,000.00. Realizing the province's inability to finance relief, no provision has been made for creating a reserve to provide for same in the estimated annual expenditures of an average future year."

It has been impossible to balance the budget upon any reasonable estimate of revenues and expenditures. Thus the budget estimates for an average year show an annual cash deficit of approximately five and a half million dollars, as indicated below:

Estimated Revenues	\$18,784,000
Estimated Expenditures.....	24,473,900
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	\$ 5,689,900
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THE CHAIRMAN: That \$5,000,000 is based on the assumption that you will continue to carry your entire existing liability?

HON. MR. DAVIS: Yes.

THE CHAIRMAN: And continue to provide all existing services?

HON. MR. DAVIS: Yes.

THE CHAIRMAN: You will provide a sinking fund of \$2,300,000 odd a year?

HON. MR. DAVIS: Yes, that is correct.

THE CHAIRMAN: On the basis of providing additional capital expenditures and additional annual grants as set out in the preceding pages which we have passed over?

HON. MR. DAVIS: Yes. In the next paragraph we state:

" The net cost of relief to the province to April 30, 1937, was approximately \$42,000,000 after taking into consideration the write-down and cancellation of treasury bills. In the event the question of relief is considered a National problem and the province relieved of its share of the cost by, say, the cancellation of \$42,000,000 of 3 per cent treasury bills, the estimated deficit for an average year would be reduced to \$3,681,000.

It is evident from the above that however distressing recent economic conditions have been, they have not constituted the sole contributing factor to the fiscal problem confronting the province.

With the relief problem treated as a national responsibility and assuming the province can arrange to refund the balance of its debt on a thirty year basis at $3\frac{1}{2}$ per cent, a reasonably optimistic estimate of future revenues falls \$2,800,000 short of meeting the cost of essential services." That includes the \$2,300,000 for sinking fund purposes.

MR. TAYLOR: It includes the sinking fund.

HON. MR. DAVIS: It would virtually bring the anticipated budget into balance exclusive of the sinking fund. We have gone over what appears on the rest of page 319. On page 320 the first paragraph is a recapitulation of a good deal that has been said before. I quote the second paragraph:

" It has been shown that the productive capacity of the province is very high and that in the past a tremendous contribution has been made to the economic life of Canada. It is believed that in the future years this province will make an even greater contribution to the life of Canada, but in order

"that this hope may be realized, it is essential that adjustments of a far-reaching character should be made.

It is evident that the income of this province is variable to a high degree, variable to such an extent that we must look forward to periods in which the people of the province will be unable to subsist on current income. The crying need of the people of Saskatchewan is for security. With security achieved and with certain national policies corrected, the government and the people of Saskatchewan will be in a position to develop the assets of the province in such a way as to make a considerable contribution to the Canada of the future and at the same time improve their own economic well-being."

THE CHAIRMAN: This appears to be a recapitulation of what you have already said to us and we have it in mind. I do not think it will do any good to read it to us again.

HON. MR. DAVIS: Very well. I come next to subsidies, at the bottom of page 321:

" It is possible that some slight saving may be effected by the elimination of duplications, but the government of Saskatchewan is not optimistic as to the results which may be achieved thereby. But granting that certain savings may be effected in this manner, and granting that the burden of certain social services such as the payment of old age pensions will be assumed by the Dominion Government, the conclusion remains that the subsidy presently payable to Saskatchewan must be increased. The increase must be substantial. It is impossible, at the present time, to estimate

"with mathematical accuracy how great the increase must be, for the reason that other factors, such as assumption of responsibility for social services by the dominion, have not yet been determined. Nevertheless, even though the dominion assume such obligations as are suggested in this submission, the increase in the subsidy must be substantial. This increase of the subsidy will not be looked upon in any sense as a gift, but rather as an adjustment made necessary as the result of the concentration of wealth in central Canada which in turn has been made possible by certain national policies which have proved extremely disadvantageous to western Canada. It is also suggested that an additional temporary subsidy might well be allotted to this province to assist in a programme of rehabilitation which will be necessary in the immediate future."

THE CHAIRMAN: Your government does not agree with the view presented by Manitoba?

HON. MR. DAVIS: No.

THE CHAIRMAN: You do not agree that the unconditional subsidy should be liquidated by the dominion taking over the provincial debt at a certain ratio equal to the amount of the annual subsidy.

HON. MR. DAVIS: We gave that question consideration but we are not enamoured of the idea. In actual practice it would be difficult to work out.

The next submission is one of the most important:

" On account of the hazardous nature of the economy of this province and on account also of the belief that a considerable improvement of conditions will result from a drastic reduction of the customs tariff, it is proposed that an element of flexibility should be introduced into the subsidy. We propose ,

"therefore, a permanent Grants Commission with the duty of examining the needs of the various provinces from time to time and recommending additional grants necessary to meet the fiscal needs of the provinces as they arise. It is conceded that in making recommendations the Grants Commission should quite properly examine the administration record of the province asking for assistance."

At the outset, Mr. Chairman, you asked a question as to what control the federal authority would have over financing on the part of the province. Now we think that if a Grants Commission was set up to meet annually and look into the situation before making recommendations they would ask the province, "what are you doing to straighten your own condition before calling upon us for assistance?" We suggest that the Commission would measure its recommendation in the light of what the province was doing in the way of extravagant expenditures, uneconomical administration and so on. That would make for sufficient control and it would be sufficiently flexible, so that if the province ever found itself in a period such as we have gone through in the last few years, the gravity of which was recognized by the special subsidy of \$1,500,000, when increased assistance became absolutely necessary, there would be an independent body deciding upon the extent of aid that was necessary, just as is done in Australia.

THE CHAIRMAN: You speak of the debt being refunded on a lower basis. Have you any plan in your mind or any suggestion to offer as to how that could be worked out?

HON. MR. DAVIS: If some corporation could be set up through which funds would be made available, and possibly by means of public subscription, we in the province could

say to the people who held our bonds, "Here is your money, or you may take new bonds at $3\frac{1}{8}$ per cent". The money would be available, it could be secured from that corporation, to pay in cash those who wanted to take money. We would not be repudiating our debt; all we would be doing would be calling the bond before it was due. True, the contract would be violated to the extent that we would be calling the bond before it was due, but that would not be a serious objection provided we could say to the bondholder, "Here is your money." There could be a refunding corporation in Canada.

THE CHAIRMAN: It could not be worked out save on the basis of a dominion guarantee. There is no other source from which funds could come.

HON. MR. DAVIS: I should think that there would not be any need for a dominion guarantee of a three and a half per cent issue by the province.

THE CHAIRMAN: I am not speaking of a dominion guarantee so far as that is concerned, but in reference to the corporation that would provide the funds to retire the bonds.

HON. MR. DAVIS: Yes, that would be essential. The dominion should enter into the picture there.

THE CHAIRMAN: How would you expect three and a half per cent bonds of this province to be sold on the market when at the present time that is about as good as the dominion can do?

HON. MR. DAVIS: I think that possibly there would be a considerable conversion of bonds without the necessity of providing funds.

THE CHAIRMAN: Then you would be faced with this situation. One would think that if the present holders of bonds were prepared to convert at a lower rate of

interest they would want some assurance that your balanced budget would not suddenly be thrown out of balance either by very heavy capital expenditures or from other causes that would increase the public debt.

HON. MR. DAVIS: As to heavy capital expenditures, naturally we would have to go on the market to secure that money, and our financial situation would regulate the amount of capital we could secure in that regard.

THE CHAIRMAN: But take this situation. Assume that you have \$40,000,000 of bonds outstanding at $3\frac{1}{2}$ per cent and you want to borrow \$10,000,000 or \$20,000,000 for capital expenditures. You say that the government proposes an expenditure of \$20,000,000 in connection with roads. Suppose a new government comes in and is prepared to pay five per cent interest in order to get the money. Immediately the securities of your previous bondholders are depreciated by a very substantial amount because your credit is then placed on a five per cent basis.

HON. MR. DAVIS: I presume that what would happen if a Grants Commission were functioning would be this. The Commission would say to the government, "You may do whatever you see fit to do under the circumstances, but when we come to take into consideration the question of subsidies we will not fail to consider in its proper light the pursuit of that type of policy on your part."

THE CHAIRMAN: I am simply pointing out what appears to me to be a difficulty in your way, and I am wondering whether you can suggest a solution.

HON. MR. DAVIS: I should think that in the ultimate result a permanent Grants Commission, though it would not have any statutory power, would have the effect of controlling both capital and revenue expenditures

to some degree.

COMMISSIONER DAFOE: Has the Australian Grants Commission been made permanent?

HON. MR. DAVIS: I have read three reports submitted by that Commission.

MR. TAYLOR: I do not think it is permanent yet.

HON. MR. DAVIS: I went through the reports submitted in three years, and I know that the grant they give to agriculture is far in excess of anything we are suggesting here. It runs into millions.

COMMISSIONER DAFOE: It was appointed for two years, and its term of life was extended for another year.

HON. MR. DAVIS: I should judge that it is now approaching the stage where it will become a permanent factor in the life of Australia.

COMMISSIONER ANGUS: Would not the best guarantee of all be for the dominion subsidies to be earmarked for the payment of interest on the converted debt?

HON. MR. DAVIS: That suggestion might be taken into consideration.

COMMISSIONER DAFOE: If the provincial credit were not equal to carrying $3\frac{1}{2}$ per cent bonds, a very remarkable situation would develop. This province would find itself in debt to the extent of a huge amount of money.

HON. MR. DAVIS: Three and a half per cent, on the basis of \$124,000,000 --

MR. TAYLOR: We are taking it at \$130,000,000.

HON. MR. PATTERSON: It would be about \$4,300,000.

HON. MR. DAVIS: I think there will be an increase in subsidies, and the statutory subsidy might take care of that. It could be earmarked to assure the bondholder that he would get his interest; and though there would be no assurance that the sinking fund would be there,

that could be controlled by the Grants Commission.

COMMISSIONER DAFOE: You might not be able to sell at $3\frac{1}{2}$ per cent. People might take the cash offered and buy other bonds on a sounder basis.

HON. MR. DAVIS: Yes, that is so.

COMMISSIONER DAFOE: So that there might be an awkward situation.

HON. MR. DAVIS: Yes, they might prefer to take the cash and buy dominion bonds.

COMMISSIONER DAFOE: If there were anything more favourable in the market.

HON. MR. DAVIS: But if, as I suggest, the interest on security were more or less guaranteed by the setting aside of subsidies, then so far as capital is concerned it becomes a matter of federal obligation.

THE CHAIRMAN: The interest would be guaranteed, but there would be no guarantee of principal.

HON. MR. DAVIS: No.

THE CHAIRMAN: The only sound guarantee would be one that would provide for annual interest charge and the sinking fund to retire the bonds at maturity.

HON. MR. DAVIS: Yes. The Grants Commission would no doubt see to it each year that the grants were so regulated as to insure annual payment into the sinking fund, and you would have the same result without implicating the credit of Canada in the guarantee of bonds.

THE CHAIRMAN: That is on the assumption that the Grants Commission will make the grant.

HON. MR. DAVIS: Yes, that is the assumption. The Grants Commission would be set up for the purpose of investigating in order to decide whether the grant should be paid or not.

THE CHAIRMAN: We shall have to give the whole matter very careful consideration. It is a difficult and complicated problem.

HON. MR. DAVIS: The next paragraph indicates our policy. The last paragraph refers again to the necessity for dealing with municipal institutions. And now we come to the section under which we discuss rehabilitation and development. At this point I will ask the Commission to listen first to Professor Allen and then to Mr. Taggart, Minister of Agriculture, and Mr. Spence, Minister of Public Works.

THE CHAIRMAN: They will all confine themselves to matters that fall within the jurisdiction of the Commission.

HON. MR. DAVIS: Yes.

PROFESSOR WILLIAM ALLEN, (Farm Management Department (University of Saskatchewan.) was called and examined.

PROFESSOR ALLEN: Mr. Chairman and members of the Commission, I propose to deal with the generalized matter incorporating to some extent the results of our experience in the study of the land economies, particularly of Saskatchewan but of other places also, covering some fifteen years. In case some of the points are not clear enough I should be very happy if you would stop me at any point and ask for amplification.

"In most provinces, probably all, there are certain parts of the agricultural areas which are generally unremunerative, and which cause considerable worry to administrators because they lack the essentials for successful farming. Lands of such areas are economically unfitted for the operations undertaken on them, and those who are responsible are unable to do anything significant to improve matters. Natural factors are usually the chief cause of this condition. In Eastern Canada, although moisture is adequate there are many districts with thin and infertile soils, which with other complications make farming unprofitable despite the most enlightened methods that can be applied. Difficulties of the same fundamental character arise in each of the zones of the Prairie Provinces, whether on the open plains where moisture is seldom a limiting factor. Problems of this kind are not restricted by provincial or international boundaries, for areas of sub-marginal character in agriculture may extend beyond the borders of most of the provinces in almost any direction. The United States now regards this problem as a national one, and deals with it accordingly. A number of the important States have undertaken programmes relating

to marginal and submarginal lands during the last decade, in order to relieve their taxpayers of the burdens of supporting the people who attempt to farm in unproductive areas. For the most part these developments have occurred where forest projects are possible and consequently objectives relating to reforestation and to the development of recreational areas have predominated.

As agriculture is extremely resistant to change and adjustment, and as farmers are reluctant to believe that the farms they have operated in which they have invested their capital and their years of labour are worthless, the difficulties common to these problem areas may continue for many generations and increase in intensity if left for solution by the usual economic process. Ultimate-- some people are forced to leave, leath releases others, and a few decide they can do better elsewhere. As farms become vacant and abandonments of properties occur the financing of the community services, schools, roads, etc., fall on a reduced population. Where this reduction in the number of farms permits expansion to make a better balanced and more economical unit the adjustment may be beneficial to those who remain, but where the character of the area is such that no advantages result from enlarging the farms the retrograde condition of the area is intensified. Such areas are decidedly significant to the rest of the provinces and to the Dominion generally because they are financially incompetent and must be assisted by funds contributed by other people.

Although Canada has many areas which present difficulties of the character indicated -- where farming operations fail to provide a reasonable standard of living -- the areas in Saskatchewan are those which are of particular concern to us at this moment. During the years of settlement and development it has been possible to obtain

from experience and research a reasonable idea of the relative values of the different parts of the province to support the people who have settled on them. Gradually something has been learned of the significance of the different classes of our soils, the results of varying precipitation and temperatures, and the economic effects of extreme fluctuations in the prices of wheat and of other farm products. For many, these lessons are learned very tragically and realization of the facts comes too late to be of any value. Knowledge obtained at such a cost merits practical application to prevent further human and economic losses. Our people must be provided with opportunities to carry on a reasonably successful agriculture for such is the only kind that can be expected to develop a permanent character and to have a constructive role in the economy of Canada."

We consider nothing less than that worth while.

"From general observations, from surveys of specific areas, and from reports of the Census and other authoritative publications, the facts are definitely ascertainable regarding the abandonment of farm lands in certain extensive districts of Saskatchewan and adjacent provinces. The areas in question have mostly been settled for about a quarter of a century, or longer. The persons leaving these lands have given all they could in labour and intelligence to make them successful, but the odds against them were too heavy. The areas in question vary considerably in general character and productivity, and the farms which have been vacated are generally the least productive. The actual area

abandoned is still a relatively small part of the whole region but in some municipalities the loss of population has been quite heavy."

The census report of 1930 states that 2.35 million acres have been abandoned in Saskatchewan, which is about 4 per cent of the agricultural land.

"The drifts of population reflect the poor character of the areas and their limitations in production. An illustration of the difference in the productivity of lands in farms in the same general area is presented in the accompanying table and diagram, shown on page 3 of this brief.

To facilitate presentation, municipalities of similar sizes have been selected to indicate the productive possibilities of four general economic classes of land. A solid area could not be taken as most municipalities contain a variety of classes of land. A single land class predominates in each municipality but the four groups represent four different classes of land. Three of the pairs of municipalities cited are included in the land classification studies now being conducted jointly by the various provincial and federal organizations, and the other pair is located nearby on the heavy clay soil of the Regina plains. The yields of the last twenty years have been used to determine sales of wheat per farm, after deducting one bushel and a half per acre for farm requirements. Adjustments were made to express receipts from sales of rye and cattle in terms of bushels of wheat, thus the figures presented serve to indicate the approximate relationship of revenues of the farms of these municipalities. Many things are apparent from this

presentation but the point outstanding is the very great differences in revenues per farm and per capita between the various classes of land in the same general area."

I should like to refer to table 3 at this point. The actual location of the municipalities selected is given in the diagram below the table. They are all in south central Saskatchewan. The names of the municipalities and the numbers have been omitted intentionally; but the data all come from official sources. There are several points of interest. The population for 1931, 1926 and 1921 is inserted to show certain of the changes in population, or rather in farm numbers, and the population for 1931 is inserted. 1936 figures could not be used as the material submitted by the census bureau is not available for municipalities. It is given at the moment only according to census divisions, a larger group.

There are several points of interest here. These municipalities are of the same size, but the number of farms varies and the farm population also varies. "D" is on the Regina plains; "A" is the poorest soil type, the type that we consider is best used for grazing purposes, and the others are intermediate. Another significant point is the average yields of wheat per acre obtained on the lands actually cultivated. You will notice also that the acres of wheat per farm are greatest on the Regina plains. They are about double what they are in group No. 1 and part of No. 2. The yields of wheat are also greatest in the No. 4 Division. But the matter which is the most significant is the fact that in Group "A" you got around 900 bushels of wheat per farm averaged over the last twenty years. It is a little better on the marginal type area where you get around 1300 bushels; on fair wheat lands around 1900 bushels per farm, and on our most efficient areas, our most fertile lands,

the Regina plains, and this general part of the country, around 3200 bushels of wheat per farm. These matters are very significant and I need hardly dwell on them.

THE CHAIRMAN: Are the farms the same size? One would think the farms in Group "D" must be considerably larger than those in Group "A".

PROFESSOR ALLEN: Not in total acres; in acres of land in cultivation.

THE CHAIRMAN: The acres are the same in each case?

PROFESSOR ALLEN: Well, I am sorry, I have not the figures at hand. The best indication is shown by the actual average of wheat there. The farms are larger when it comes to productive units, in the case of the Regina plains, 230 acres of wheat.

THE CHAIRMAN: What was occurring in my mind was that you might have in area "A" more farms.

PROFESSOR ALLEN: Yes, you have more farms, sir.

THE CHAIRMAN: And therefore you might have more units of production of 111 acres each, and the aggregate in township "A" would not be so much below township "D" as these figures show.

PROFESSOR ALLEN: I can illustrate that from studies, if you wish.

THE CHAIRMAN: If you say that the aggregate in "D" is the same as in "A" it answers my point.

PROFESSOR ALLEN: We find the actual utilization of land on the Regina plains to be about 89 per cent or 90 per cent of the total acreage under cultivation. The average for Saskatchewan is probably around 60 per cent. That is, of the total acreage around 60 per cent of the land of the farm is of a type that can be cultivated and used for crop production. The "A" section would contain less than 60 per cent, I would judge.

THE CHAIRMAN: The "A" section farms must be substantially smaller, because if you assume that "A" represents 60 per cent you have a farm of little over 200 acres, of which 111 acres produce wheat.

PROFESSOR ALLEN: That is true of all these farms. There is a considerable amount of waste land, and in the vicinity also some land which has been abandoned. The total acreage available per farm on the basis of the total acreage of the municipality would be just as great in the one case as in the other.

THE CHAIRMAN: You think the comparison is fair; that is, the 111 would fairly represent the facts, if you took the aggregate of the whole of "A" as compared with 232, if you took the whole of "D".

PROFESSOR ALLEN: Yes, I think the comparison is very fair. There is a possibility that in the "A" you would have 10 or 15 acres of rye to add to the acreage of wheat, but that would not change the situation radically.

COMMISSIONER MacKAY: What did you say was the percentage of utilization of land on the Regina plains?

PROFESSOR ALLEN: About 89 or 90 per cent of the total acreage. That is an extraordinarily high proportion. I do not know of any areas anywhere in the world that would show a better percentage than that minimum amount of waste.

May I again refer to page 4. The brief continues:

"The variations portrayed in this illustration are frequently found within a single municipality, for the changes in the character of the soils are sometimes very marked. To a lesser extent these variations are also found within the farm units, and uniformity of soil type throughout a farm is by no means general. Thus lands marginal for wheat production are frequently in intimate contact with lands of other classes. The

economic significance of such variations is generally overlooked."

People sometimes talk about our sub-marginal areas being in compact blocks. We have land particularly suitable for grazing and not very suitable for wheat production in the extreme southwest of the province; with that exception the grazing lands are intimately mixed up with the other types of land, and constitute a very complicated problem.

The brief continues::

"Apart from their bearing on the success of the individual farm business, they concern those responsible for local government particularly with respect to assessment for taxation purposes. When judged on the basis of revenue production it commonly occurs that the poorest lands of the province carry the highest assessments. As may be expected, such lands have the poorest records for payments of taxes and are usually the first to be abandoned.

To indicate the general character of the areas with respect to the classes of land contained and their association several maps are presented outlining the classes of land in adjacent municipalities included in the studies of 1936. These maps are from the preliminary report of the study, and some modifications have been made since the land classes were outlined."

Now, I invite your attention to these three maps. No. 68 is southeast of here; No. 69 is adjacent to it and west of it; No. 70 is west of 69. The point I am trying to show as quickly as I can is the general mixture of land classes found in central Saskatchewan, and other parts, for that matter, and the problems that are presented with respect to land use, reorganization of farm units and so on, giving

the best possible opportunities to those who have to farm in the areas.

THE CHAIRMAN: The greater part of 68 is grazing?

PROFESSOR ALLEN: A very large part is grazing land.

THE CHAIRMAN: At least, a substantial section is grazing, or grazing and wheat.

PROFESSOR ALLEN: Yes.

THE CHAIRMAN: Marginal.

PROFESSOR ALLEN: You will note, sir, that that block of white is adjacent to the finest soil that we have in the province. In the north east corner is a portion of the heavy clay soil of the Regina plains, the finest wheat soil that I know of.

THE CHAIRMAN: Then, take 69.

PROFESSOR ALLEN: The areas of grazing land are smaller and more divided than 68, and the problem of developing community pastures, if that should be deemed advisable, becomes more difficult.

THE CHAIRMAN: That is fair wheat land or grazing and wheat, marginal.

PROFESSOR ALLEN: Yes.

THE CHAIRMAN: Not extra.

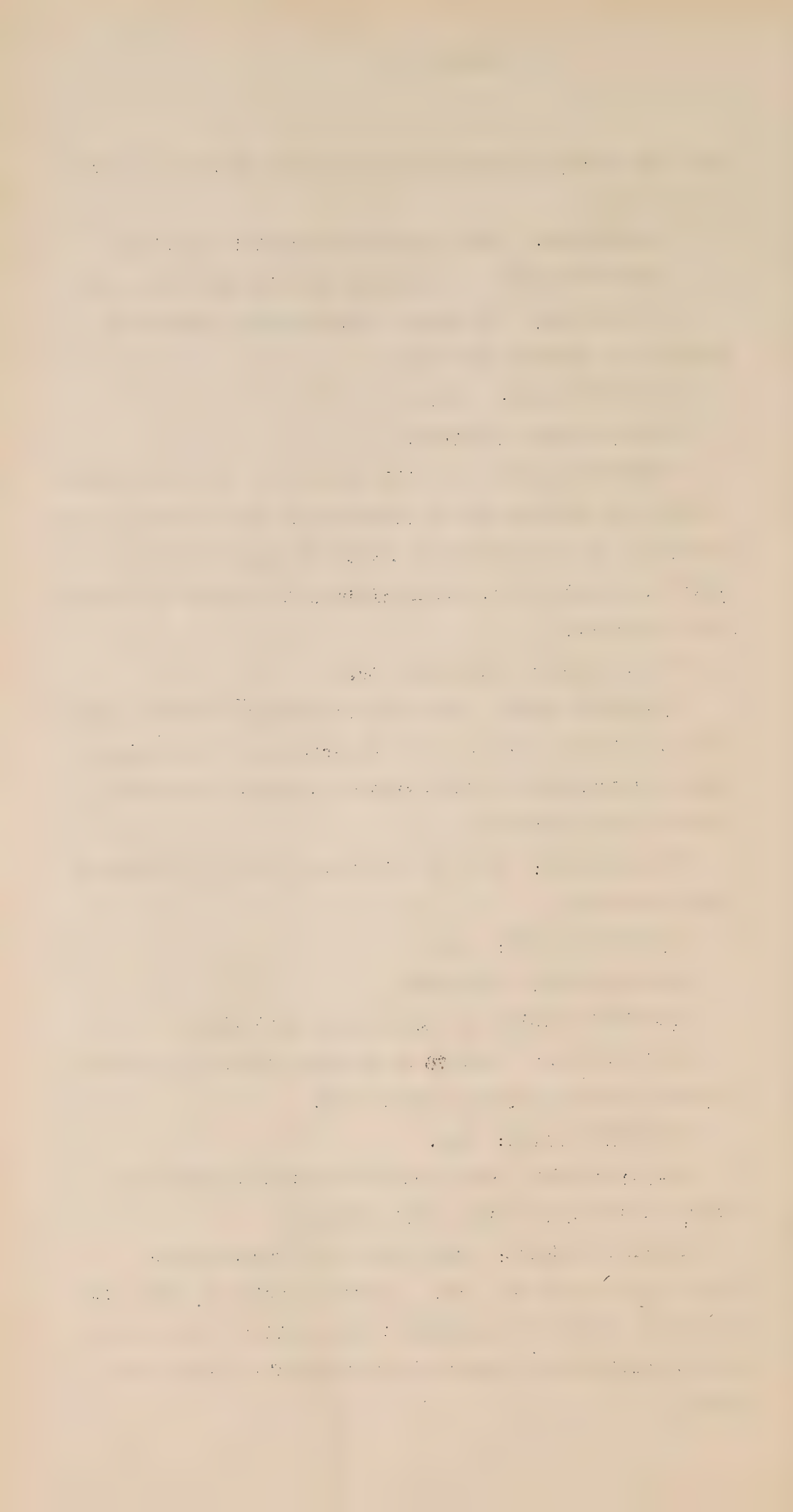
PROFESSOR ALLEN: No Regina type soil there.

THE CHAIRMAN: Then 70 is grazing and wheat, marginal, but the largest part fair wheat land?

PROFESSOR ALLEN: Yes.

THE CHAIRMAN: And a certain amount of good wheat land; are these townships well settled?

PROFESSOR ALLEN: There has been a considerable abandonment on No. 68, sir. A large portion of that soil is usually termed "echo clay land". This soil is a heavy soil with a considerable amount of "clay spot" or "blow out" areas.



THE CHAIRMAN: Was it all settled originally?

PROFESSOR ALLEN: Attempts have been made to settle it, and abandonment has taken place.

THE CHAIRMAN: Has it been long abandoned?

PROFESSOR ALLEN: The abandonment started fairly soon after settlement on the worst type of soil. Re-settlement was attempted, but further abandonment occurred.

THE CHAIRMAN: Abandonment is not a matter of this recent depression?

PROFESSOR ALLEN: No; abandonment occurred before the depression, but it has continued.

THE CHAIRMAN: Has much of 69 been abandoned?

PROFESSOR ALLEN: Not a great deal; not anything to the same extent as 68.

THE CHAIRMAN: Is that group in the south?

PROFESSOR ALLEN: They are all south of Regina, adjacent municipalities from Weyburn west. About 18 miles west of Weyburn this territory commences. The north east corner of No. 68 is just about yellow grass.

THE CHAIRMAN: Thank you, Mr. Allen.

PROFESSOR ALLEN: The brief continues:

"For the areas which have already been occupied and developed, particularly those containing lands of marginal and submarginal character a policy of definite study and appraisal is now needed. It is essential to determine carefully the type of agriculture for which the lands are suited, and to ascertain the best use of the component parts of each area. The objective set should be the optimum welfare of the region, and of the country as a whole. Soil surveys, economic studies, land classification and research of various kinds are important parts of such a programme.

"The succeeding steps relate to getting the lands into their best agricultural uses. Our poorest lands need relogation to grazing --, as they have no alternative use -- and definite authoritative control is warranted to place them in that use and keep them there. Some progress has already been made in this regard. The vacating of farms has not been confined to the poorest grades of land, however, for farmers have been leaving lands of the marginal classes, and to a lesser extent those that have been classified as fair for wheat production. It is, therefore, necessary to determine the best uses of each class of land within each area, and then to endeavour to effect the best economic combination of the different classes of land. To accomplish this is no easy matter, for many difficult problems are involved.

Comment has already been made regarding the difficulties of adjustment in agriculture and the resistance to movement demonstrated by the farming people. The possibilities of improving farming conditions materially by reorganization is remote when there are more people in agriculture within the area than the lands can support. The farmers who recognize the limitations of the land they operate and who are able to leave to farm elsewhere, if they plan wisely will first find farms, or land suitable for farms, which they consider will offer improved opportunities for the future. Inability of farmers to find such lands, or to move to them even after they are found is responsible for many of these poor lands being continued in farming. The conditions under which many have left their farms have been those of extreme discouragement."

I might add that same condition applies to many who remain. I continue with the brief:

"While some may have found the change beneficial others have failed to do so. Where the desirability of relocating farmers and reorganizing farms is definitely indicated the problem of settling some of the people outside of the specific area will usually arise. The reorganization of any agricultural area is primarily to assist those who remain to operate their farms on an economic basis. Those who are displaced by reorganization must receive consideration, however, for usually their difficulties have been among the most acute, consequently they have the least to show for their operations within the area.

Thus several problems are intimately associated: (a) the adjustment of the farming population to approach the optimum for the area based on its best use, (b) the reorganization of the land resources of the area to provide satisfactory farm units comprised of suitable amounts of land of the different classes, and also the general reorganization of the area with respect to local government and the services that fit the changed conditions; and (c) the provision of adequate opportunities for re-establishing the people who may be displaced.

With respect to the adjustment of the farming population to the conditions of the area, our present policies are neutral in character and are the same for all types of districts however poor or desirable they may be. This discussion is concerned particularly with the areas which contain significant amounts of land which are sub-marginal or marginal for wheat production. The problems relating to the better lands are of a very different type, and unlikely to present prolonged

concern to the state. Those who move either to or from any areas usually receive little direction or encouragement from official sources, although during recent emergencies assistance has sometimes been provided. While the general situation may be somewhat relieved by making more land available for those who remain as a result of a small reduction in the number of farms within a district, the movements reported have generally been too restricted to permit expansion and reorganization and further shifts of population may be expected.

The matter of reorganizing farm units has received very little attention, a policy again being characteristic which leaves the people of the respective areas to work out their problems as they see fit. Authoritative advice has been available relating to the technical phases of agriculture and to programmes concerned with current emergencies, but the determination of types of farm organizations appropriate to the particular areas has yet to be undertaken. The same neutral policy has prevailed with respect to community organizations, local government, and general services. The prevailing difficulties are tending to bring attention to the needs of the district, however, and suggestions for reorganization of units of local government are frequently heard. The most forward-looking step that has been taken to date relating to partial reorganization of agricultural areas is that in connection with the establishment of community pastures, in which federal and provincial officials are now cooperating.

The matters of resettlement and reestablishment of farmers who are leaving uneconomic areas have yet to be considered the duties of any responsible body. In the past Saskatchewan has had a succession of

organizations of many kinds engaged in land settlement. When the urgency of recent conditions made positive action necessary to assist those who left the south and other parts of the province to settle on lands beyond the occupied agricultural areas, the Northern Settlers Reestablishment Administration was organized. Despite the best efforts of this provincial service many of the people are starting again on lands which in all probability will ultimately be abandoned. Similar results may be expected from any organizations, private or corporate or any other form, which continue to place people on land definitely unfit for agriculture. Such control of land settlement as now exists is quite inadequate. There is urgent need to deal with these matters in a constructive manner.

SUMMARY AND CONCLUSIONS.

The points mentioned and the illustrations used have related particularly to Saskatchewan, but problems of the same fundamental character are found associated with certain portions of the agricultural areas from the Atlantic to the Pacific."

In that connection I should like to suggest that probably the abandonment of some of the lands in Ontario, which was cited this morning, would have taken place whether the west had been developed or not. When I was on the staff of Cornell University, I spent some time studying the sub-marginal lands of the state of New York. In the central portion of the state where a study was being made we found that with respect to a township of hill farm land, the population began to go into that area about 1790. Inside of thirty years about 2500 people were reported. Abandonment began and continued to such an extent that at the time of the study in 1923 and 1924 there were fewer people in the area

than were reported there twenty-five years after settlement commenced. The land was of a character unsuitable for agriculture. Despite the fact that it was relatively close to the biggest portion of the population of this continent, the land could not be kept in agriculture.

In the case of one particular town, or township as we would refer to it here, about 10,000 acres had been taken over by the state and reforested, a process which they considered necessary because of the dangers that such lands constitute, the constant requirements for assistance from the county and from the state and the possibility of people going into these areas again and investing their money and labour, and so on, only to determine again that such land had no economic significance in farming of a positive kind.

The point I wish to stress, sir, is that this problem of sub-marginal or marginal land is not a provincial problem. It is a problem which stretches from coast to coast, which exists in every country. It is a problem which is regarded in the United States at the moment as of national concern. I shall leave this point for the commission to reflect on.

THE CHAIRMAN: There is this point, it is only the provincial government that can regulate settlement on these lands at the present time, because they are property within the province and are under provincial legislative control.

PROFESSOR ALLEN: I grant that, sir, at the present time. The point I am urging here is a national policy with respect to such lands.

COMMISSIONER MacKAY: Can you tell us what is being done in the United States, Mr. Allen?

PROFESSOR ALLEN: They have a multiplicity of alphabetical organizations there which deal in many ways --

COMMISSIONER MacKAY: I mean, in getting over the problem of the state control of settlement, do you know what the federal government is doing?

PROFESSOR ALLEN: At the present time there is no new land available in the United States for settlement. Under irrigation projects and so on, some new possibilities have been developed. There have been movements of farmers from the so-called "dust-bowl" to the state of Washington, for instance, under the direction of some assistance.

COMMISSIONER MacKAY: Was the land you mentioned in New York state taken over by the state without assistance?

PROFESSOR ALLEN: It was taken over by the New York state at that particular time. The policy has been assisted by federal contributions, and a number of different projects are now working towards the same end. You have a combination of state, federal and county agencies. They recognized that where a long time investment is needed, as is the case in reforestation, for instance, no single individual farmer could become interested. He has no funds. He is hard-pressed, anyway. To reforest land takes some money. You have to get the stock and undertake the labour. Then there is a delay in getting a crop. Thirty, forty, or fifty years pass before any revenue can be derived therefrom; consequently no individual, especially if he is getting on in years, is likely to be interested.

THE CHAIRMAN: Thank you, Mr. Allen.

PROFESSOR ALLEN: The brief continues:

"The extreme variations in crop production on the prairie areas of Saskatchewan and the neighbouring provinces increase greatly the difficulties under which such areas operate.

The problem of land use, reorganization of farms, rearrangement of agricultural communities,

and resettlement and reestablishment of farmers extend beyond provincial boundaries. The people who settled Saskatchewan and the adjacent provinces came from many other provinces and countries, and one of the foremost reasons for their migration was the lack of adequate opportunities in the older settlements.

The people who came to settle here have had to learn the fundamental lessons relating to our agriculture. Their early agricultural experiences were secured elsewhere under conditions quite different from those in the area in which they settled, and to some extent were handicaps to success.

The greatest welfare of Canada cannot be obtained with any important sections of the country continuously depressed, consequently it is of national importance that the problems of these particular areas be solved. As the problems are of concern to all Canada some responsible body is needed to function in an authoritative and competent manner. Its duties would relate to agricultural reorganization, development, and resettlement and be undertaken in the areas needing these services in all parts of Canada. Provision would be made for investigations in connection with all phases of agricultural welfare within the problem areas; e.g. technical, economic, and sociological research; land classification, and farm and community reorganization. Much of the work would be undertaken in cooperation with groups and agencies already operating in the interests of agriculture.

The complementary phases of such work would also be undertaken, which would include surveys of potential agricultural areas by the most appropriate means

to permit classification by qualified officials in advance of settlement. To minimize the chances of failure, lands considered unfit for agriculture should be withheld from settlement and definite control of all non-agricultural land should be provided. Provisions should also be made to assist in the reestablishment of farmers who are displaced from uneconomic areas."

THE CHAIRMAN: Professor Allen, what is the total area of land under cultivation in this province?

PROFESSOR ALLEN: About 15 million acres, I would judge.

PROFESSOR BRITNELL: It is given in the brief.

THE CHAIRMAN: I just want to apply it, if you give me the figure.

PROFESSOR ALLEN: Thirty million acres.

PROFESSOR BRITNELL: The area of occupied farms is 5,903,639 acres, area improved 33,631,608 acres, area under field crops 21,967,167 acres.

THE CHAIRMAN: Of the 56 million acres, has your survey extended far enough to enable you to form any estimate of the percentage of the total which you would describe as sub-marginal?

PROFESSOR ALLEN: I think not, sir. The nearest approach that we have to that would be that calculated by Dr. Mitchell in connection with his soil map, and I believe that point was presented to the Commission.

THE CHAIRMAN: I have forgotten it. Do you recall if he gave it to you?

HON. MR. DAVIS: I think you will find it on page 130; about 55 per cent is the figure quoted as being suitable for wheat production.

THE CHAIRMAN: 55 per cent of 55 million acres; is that it?

HON. MR. DAVIS: Yes.

THE CHAIRMAN: That is the milcage?

HON. MR. DAVIS: The porcentago is there. I think you can include the first four groups.

THE CHAIRMAN: A little over 55 per cent is suitable for wheat growing. The first group is given as "superior"; the second group "very good"; the third group "moderately good", and the fourth group "fair". Out of 55 million acres that would give you nearly 30 million acres of land that would fall within the "superior very good, and moderately good".

PROFESSOR BRITNELL: And the fourth group "fair".

THE CHAIRMAN: Yes, that is right.

HON. MR. DAVIS: This apparently is a reconnaissance soil survey of Saskatchewan. Mr. Joel says;

"The classification is only approximate but was determined by the combined judgement of the members of the Soils Department of the University of Saskatchewan."

COMMISSIONER SIROIS: Professor Britnell, in the table you quoted a while ago we had the figure of 21,976,167. What does that mean?

PROFESSOR BRITNELL: The area under field crops. The difference would be in summer fallow, very largely.

HON. MR. DAVIS: Between 33 millions and 21 millions.

PROFESSOR BRITNELL: Yes.

THE CHAIRMAN: Is that all, Professor Allen?

PROFESSOR ALLEN: Yes.

THE CHAIRMAN: Thank you.

EXHIBIT NO. 68: Memorandum relating to certain aspects of land economics in Canada.

HON. MR. DAVIS. It was the intention to ask Mr. Taggart to speak next, but as it is five minutes to one,

perhaps it would be better to adjourn now and start immediately after lunch with Mr. Taggart's address.

THE CHAIRMAN: Unless he thinks he can give us an appetite for lunch in five minutes. If you prefer we shall adjourn now to meet again at 2.30.

The Commission adjourned at 1.00 p.m.
until 2.30 p.m.

(Page 2135 follows)

AFTERNOON SESSION

The Commission resumed at 2.30 p.m.

HON. MR. DAVIS: Mr. Chairman, Mr. Taggart, our Minister of Agriculture, is going to address the Commission. For the benefit of those who are not acquainted with Mr. Taggart's record, I may say that for many, many years he was associated with the Dominion Department of Agriculture, and was Superintendent of the Experimental Farm at Swift Current in this province prior to his entry into politics, when he took over the position of Minister of Agriculture in this province. He is therefore a highly qualified technical agriculturist, and anything he may say to you is said in the light of the fact that he has these particular qualifications.

AGRICULTURE IN SASKATCHEWAN

Address by Hon. J. G. Taggart

HON. J. G. TAGGART (Minister of Agriculture, Saskatchewan): Mr. Chairman and Members of the Commission, I must first make an apology to you for not having been able to put what I wish to say to you in written form.

THE CHAIRMAN: There is no apology necessary for that, Mr. Taggart. We want you to talk to us in a free and easy way about the situation as you see it.

HON. MR. TAGGART: What I want to do, Mr. Chairman, is to raise two or three questions in order that I may attempt to answer them. These questions have to do chiefly with one's judgment of what may happen to agriculture in this province in the future.

I realize, of course, that one is on dangerous ground when he attempts the role of a prophet. I do not wish to take on that responsibility, but rather merely to attempt to indicate what we can reasonably expect, based upon what we know has happened previously.

The first question I want to raise is this; Is there a downward trend or a permanent decline in the rainfall in this area? Many people have claimed during the last seven or eight years that this has happened, that the rainfall is on a downward trend, and that for that reason alone, agriculture and the future of this area is less likely to be successful than it has been in the past. I do not propose to quote any extensive evidence, but merely to say this: That an examination of the rainfall records in Saskatchewan covering a period of fifty years, and of the rainfall records of Manitoba, Alberta, Montana and North Dakota, all go to indicate very definitely that in this region at least there is no trend either upward or downward, in the rainfall.

All that these records indicate is that the rainfall fluctuates widely from year to year and from period to period. The evidence does not indicate a trend definitely either upward or downward. This conclusion is supported by an examination of records in other parts of the world. We have records of rainfall in some parts of the world extending back as far as two hundred years, and nowhere can one find any evidence to indicate a permanently declining or a permanently rising rainfall.

It is true that over long periods of geological time such changes may occur, but within ordinary historic time they do not.

THE CHAIRMAN: Have you found any period of equal duration where the rainfall has been as low as it has been in the last six or seven years in portions of southern Saskatchewan?

HON. MR. TAGGART: There was a period in the late eighties and early nineties when apparently the rainfall on the greater part of the western plains was just as low as it has been since 1929. For example, since

our drought in 1929, since this last drought began, there have been at least two years of good rainfall, 1932 and 1935.

In 1932 the western part of Saskatchewan received ample rainfall and produced good crops, but prices were extremely low, and so the farmers did not benefit greatly from it, except in so far as it took them off relief and provided them with supplies of feed.

In 1935 there was a good rainfall in eastern and south central Saskatchewan, and a splendid crop was being produced until it was destroyed by rust.

Taking the whole period to 1937 there were at least two periods of great rainfall, but still we had the drought, in 1885 and 1892.

THE CHAIRMAN: That was a very dry period.

HON. MR. TAGGART: That was a very dry period, equal to that which we have just experienced.

THE CHAIRMAN: I know because in 1890 I found scores of deserted farmhouses in the area around Wolseley, which has proved to be one of the best farming districts you have had.

HON. MR. TAGGART: Up until 1930 the driest year in our records was in 1891 or 1892. I do not remember the exact year, but 1937 in some respects was drier than any of those earlier years. Up until 1937 those years in the nineties were the driest.

THE CHAIRMAN: Have you any records which would indicate whether a drought in those earlier years when it was most severe covered as extensive an area as in 1937?

HON. MR. TAGGART: The records, of course, in those earlier years were inadequate in defining the exact area affected but from observations made by competent observers like Palliser and Hind, the drought in those

earlier years was fully as extensive, it would seem, as it was in 1937.

If we admit, then, that the rainfall is not tending downward, the next question which we must ask is whether or not the rainfall we now receive is as effective in producing a crop as it was in the earlier years of the settlement of this country. That is to say, has some change occurred in the soil or in our methods of farming which would make our rainfall, even though the same in amount and the same in distribution, less effective than formerly?

That question cannot be given a negative answer. I think it is correct to say that some things have occurred which will make our rainfall less effective in producing crops than formerly.

One of those changes is the physical condition of the soil: another one is the chemical condition of the soil; both of which are slightly less favourable for crop production, even with the same rainfall, than formerly.

THE CHAIRMAN: What is the reason for those changes, Mr. Taggart?

HON. MR. TAGGART: The cultivation of the soil over a period of years, with frequent summer fallowing, has, of course, tended to remove all the natural fibre, leaving the soil in some cases less ready to absorb rainfall; in other words, tending to increase the runoff. The chemical condition of the soil is not quite so good as it was. All virgin soil, of course, declines rapidly during the first few years it is under cultivation, and our soil has been no exception. As the fertility of the soil declines, the crop requires more water to produce a crop equal in volume than would be the case with a soil in a higher state of fertility.

THE CHAIRMAN: Would artificial fertilizer help to remedy that?

HON. MR. TAGGART: To some extent, yes. It is rather strange, however, that in experiments so far conducted with fertilizer, in many cases the greatest response is obtained from the soils of highest fertility. Soils in the southwest, for example, which are not so high in fertility, by chemical analysis, as are the soils of the north do not show as great a response to fertilizer as northeastern soils where the nitrogen content is already very high.

THE CHAIRMAN: Is that because, through lack of moisture in the southwest, the fertilizer is more or less not absorbed?

HON. MR. TAGGART: Very largely, I think. It is also in some cases, in the northern regions particularly, a question of stimulating the root development of the crop and speeding up the rate of maturity of the crop, permitting it to combat weeds more effectively, and reaching maturity earlier it is more likely to avoid frost and rust damage.

However, those two factors I have mentioned, declining fertility and poorer physical condition, have not yet gone to such a point that they can be said to have seriously impaired the productive power of the soil. My evidence of that is that in Manitoba, where the land has been under cultivation for forty or fifty years, there was produced in 1937 one of the four or five best crops in the history of that province.

I have already mentioned that in 1932 the drought area of Saskatchewan, or a large part of it, produced a very substantial crop, notwithstanding the fact that in 1930 and 1931 this area had been subjected to very severe soil drifting and was, on a superficial observation,

very badly damaged.

One could produce other more concrete evidence, of a more detailed nature, but I am satisfied from an examination of the evidence I have mentioned as well as other records that our soils have not suffered seriously in their productive power except those soils that have been referred to by Dr. Allen and others here as submarginal. These soils which are described as submarginal because of their sandy nature, the very sandy soils in southern and western Saskatchewan which were brought under cultivation 25 years ago, have undoubtedly suffered severely in their productive power due to the exhaustion of fibre and fertility, and due to damage by soil drifting. They are the ones most seriously damaged by drifting, and they are the ones which must, in my opinion, be taken out of cultivation and be kept out of cultivation. Incidentally, if that is done, it will not constitute any serious loss to the total productive power of the province. I believe there are other lands still to be brought under cultivation, mostly within the boundaries of present farms, which will more than offset any productive power loss that we may suffer by taking the submarginal lands out of cultivation.

THE CHAIRMAN: Do you mean by lands within the boundaries of present farms that the farmer has already adjacent land under cultivation?

HON. MR. TAGGART: The farmer may have a quarter section or a half section or a three-quarter section, especially in the eastern and northeastern portion of the province, and he may have sixty per cent of that land under cultivation. The rest may be covered with brush and may require considerable energy to bring it

under cultivation, but it can be done gradually from time to time, and the tendency is for the acreage under cultivation per farm in that country to increase rather slowly.

THE CHAIRMAN: That was the condition in Ontario in the early days.

HON. MR. TAGGART: Exactly.

THE CHAIRMAN: And I presume in Quebec also.

HON. MR. TAGGART: There is one other observation that I have to make on this question that I am trying to answer and evaluate, and that is the amount of runoff from our present precipitation. This question is apparently one that has concerned many people in recent years, and in my opinion much ill-informed comment has been made on it. Many people are of the impression that a large percentage of our precipitation is lost through runoff, but records that have been maintained for many years by the Department of the Interior indicate that the average runoff in the southern half of Saskatchewan amounts to less than 2 per cent of the total precipitation, and there is no indication of that runoff increasing. So even though the runoff may appear large when it is all concentrated in a single stream, it is relatively small compared with the total precipitation which falls. It is true, of course, that if this runoff could be retained and concentrated on relatively small areas, it would have great value for irrigation purposes. Mr. Spence, who I think will follow me, will have something very definite to say about that aspect of our problem.

In my judgment, then, first of all the rainfall is not declining; secondly, if the rainfall is maintained at approximately its present or average level during the next twenty or thirty years, there is no indication at

present of the productivity of the soil declining seriously due either to physical condition or chemical exhaustion, although it is admitted that both these factors are less favourable than they were twenty or thirty years ago.

THE CHAIRMAN: The average yield of wheat per acre in the United States for many years was somewhat lower than the average in the three prairie provinces until perhaps the last two or three years. To what do you attribute that? Superior soil here, or longer cultivation there? Or what do you suggest is the cause?

HON. MR. TAGGART: There are a number of factors involved in that, sir, and one very important one is the distribution of acreage in the various regions. For example, during the last twenty years the acreage of wheat in the United States has increased enormously in the area west of the Mississippi river, and it has declined correspondingly in the area east of the Mississippi; that is to say, the bulk of the acreage has shifted westward into the area of lower productivity, not because wheat did not grow well in the Mississippi valley in the east, but because other things grow better or were more profitable to raise. Then with the bulk of the wheat acreage in the United States west of the Mississippi, it is being grown under conditions which are on the average less favourable than conditions in Saskatchewan, Manitoba and Alberta, because the rainfall on the average is no better, the soil no more productive, and such factors as temperature are less favourable, and probably the factor of rust has been a greater cause of damage in United States than it has been in Canada. Those are some of the reasons which might be given for the United States acreage producing

a lower yield on the average than Canadian acreage.

It so happens, of course, that in the last year rainfall has returned in generous measure to the winter wheat area of the United States whereas it missed the main spring wheat area of Canada, namely, Saskatchewan,

THE CHAIRMAN: What about the spring wheat area of the United States this year?

HON. MR. TAGGART: It produced, I think, a very satisfactory crop except in so far as the crop was damaged by rust; but where they had rust resistant wheat such as Thatcher and Durum wheat, they had very satisfactory crops. Where they had other varieties which were affected by rust the yields were low, but that was not due to lack of rainfall or lack of productivity, but rather due to the damage by rust.

THE CHAIRMAN: The rust stopped at the international boundary!

HON. MR. TAGGART: Almost, and it stopped almost at the interprovincial boundary between Saskatchewan and Manitoba, although it did spread a short distance into Alberta, but for the most part it was confined within the boundaries of Saskatchewan. We are not blaming the federal government for that.

THE CHAIRMAN: I am sure that if there were a representative of the federal government here they would appreciate that.

HON. MR. TAGGART: Another question which is perhaps even more important than those I have mentioned, in an attempt to forecast our future, is the soil drifting. We have seen since 1929 enormous damage done to some of our soils by drifting, and many of us have feared that unless effective control measures could be applied, this damage might continue, might increase, and

might destroy or seriously impair our productive power. In my opinion it is either the first or the second most important problem we have to face in agriculture. The twin problems of greatest importance to the farmer are, in my opinion, the control of soil drifting and the control of weeds. In dry years, the one may destroy them, namely drifting; and in wet years the other may get him, so that between the two he has no rest, no peace of mind.

Soil drifting, being so closely associated with drought, has been very much in our minds of recent years. Again I think it is important to examine our history in order to get at least an answer in part to what may happen in the future.

If we go back to the years 1887, 1888, 1889 and 1890, we shall find some evidence to indicate that soil drifting occurred in those years. In one of the early reports of the Indian Head Experimental Farm reference was made to this difficulty, and I believe the definite suggestion was made by the superintendent the late Dr. MacKay, that measures would have to be taken to combat drifting if agriculture were to continue successfully to operate in the Northwest Territories, and one of the measures taken by the late Dr. MacKay was the planting of trees in the Experimental Farm, in a systematic checkerboard style, and the reduction of the size of his fields to smaller proportions than he had formerly used.

Of course, there was at that time no widespread drifting over the whole region because the whole region was not under cultivation. Then for a number of years we heard little of the struggle but it recurred to my knowledge rather seriously in some parts, in the spring

of 1915, but it was soon checked by an abundant rainfall, and soil drifting was not heard of again seriously until the spring of 1918.

During the years 1918, 1919, 1920 and 1921, parts of southwestern Saskatchewan and a large part of southeastern Alberta were seriously damaged by soil drifting. Then beginning again in 1922 we had a recurrence of years of good rainfall which carried through until 1929 and many people questioned very much whether such a thing as soil drifting could occur again.

But it did come back in 1929, and in greater intensity in 1930 and 1931. Some drifting also occurred in the spring of 1932, but during the years 1933 and 1934 there was not much soil drifting, and very little drifting in 1935 and 1936. There was some again in the spring of 1937.

While soil drifting is partly a man-made trouble, it is a trouble which is inherent in the agriculture of any dry region, once the natural vegetation is destroyed, and once the natural vegetation is destroyed the problem is to substitute for it some other crop, to maintain some protection for the soil.

I do not wish to give a lecture on soil drifting, but I want to say this, that we have in the last twenty years discussed certain remedies which we can apply and still carry on farming successfully. Those remedies in the main consist of strip farming; that is to say, laying out the land in long narrow strips, alternating between crop and fallow; secondly, the maintenance of trash on the surface of the summer fallow; that is, instead of plowing it under, we leave that trash on the surface as a mechanical protection against wind; again, by leaving lumpy clods on the surface, instead of breaking it up into a fine powder. That

also helps to prevent wind damage. In some regions we have found it possible to seed cover crops in the month of August, which crops will have had sufficient growth to give mechanical protection to the soil in April and May and prevent drifting, which is then most likely to occur.

THE CHAIRMAN: What do you sow as a cover crop?

HON. MR. TAGGART: For example, you have a crop of wheat or oats that is killed by the winter frost. You let the refuse crop lie on the surface. It does not require any tillage to precede the seeding operations in the spring.

These and other methods have been introduced and tried, and I for one am satisfied that while we shall never be able to cease our fight against drifting, we have actually worked out methods which will enable us to escape its worst ravages, and perhaps in most years to bring it actually under control.

In that connection it is frequently suggested that, since drifting has occurred, partly at least as a result of the breaking up of the native sod and the destruction of the root fibre which was in that sod, the correct remedy is to restore the condition which prevailed before the land was broken, namely, to seed the land back to grass, and thereby restore the root fibre to the soil. This method has much to commend it, but the unfortunate fact is that once the prairie sod is broken and the native grass destroyed, it is in many areas a matter of the greatest difficulty, if not an impossibility, for the farmer to get grass to grow on that land again. In my own experience, having conducted experiments with different grasses for fourteen years, I found in eight of those years that the grass

failed entirely to make any catch, leaving six years in which there was some catch of grass, and in three of the six the catch was so poor that it did not produce any cropworth anything. That leaves only three years out of fourteen in which one could depend upon getting a substantial growth of grass which would be worth something as a crop, and also worth something for the purpose of restoring the fibre to the soil. That percentage is entirely too small to enable the farmer to rely upon it, and I say until we have grasses which are much better adapted to the regions than any we now have, with the possible exception of a new grass which is coming in, we cannot depend very much upon that method.

It has been suggested in connection with the idea of growing grass and rotating our crops, that we should introduce mixed farming in that region of drifting soil, but the difficulty with mixed farming is the same as with the grass crop itself, that it adds to the risk without adding anything of corresponding value to the security of the farmer. Mixed farming for its success must everywhere depend upon a reasonably sure supply of feed for livestock, but that is one of things above anything else that we cannot depend upon in the dry parts of Saskatchewan. Our experience is that the wheat crop is usually the last one to fail, and that feed crops, which are satisfactory for mixed farming purposes, are usually in the dry areas the first ones to fail.

THE CHAIRMAN: Is it a well known fact that wheat requires less moisture to produce a satisfactory crop than does oats or barley or any other grains?

HON. MR. TAGGART: It is fairly well known now, certainly by farmers, and in the last fifteen years there

has been a good deal of technical work done and a good deal of technical evidence accumulated which proves the soundness of that contention. It is now beginning to penetrate and spread very widely among even those who take on the job of advising the farmer what to do, and I think this advice is now given us more frequently than it was ten or so years ago.

I must qualify my statement with respect to mixed farming to this extent, by saying that, in my opinion, the large number of farms even in the driest areas should and can go into mixed farming sufficiently at least to provide for the living of the family by way of raising garden stuff, poultry, milk, and so on, and in many cases they could even have a small surplus for sale. But the farmers can not depend on that type of agriculture for their main or even an important source of revenue.

THE CHAIRMAN: Still, if they grew sufficient to provide for their own needs, it would be a great advantage over existing conditions, instead of relying solely on wheat.

HON. MR. TAGGART: Very much better. As a matter of fact, Mr. Chairman, if you examine the census returns for succeeding five-year periods you will find an ever-increasing number of farmers in Saskatchewan that report that they are keeping poultry, dairy cows, raising garden stuff and the various things which farmers can do to maintain their families, and that has not been confined to any one part of the province. As a matter of fact in the driest parts, the number of farmers reporting that they kept poultry is practically the same as it is in the more secure regions in the northeast. It is the rare farmer nowadays in Saskatchewan who does not keep poultry and attempt to keep a garden. His methods

may not always be of the best, but the effort is made anyway. Considerable improvement can be made in that direction, and I think that Mr. Spence who is to follow me, will be able to indicate some of the things that are being done now to improve that situation very materially.

I want it understood, Mr. Chairman, that in the remarks I have made I have kept very definitely in mind the fact that some of our lands are submarginal and must be taken out of cultivation, and the remarks I have made do not apply to those lands.

THE CHAIRMAN: Has an estimate been made of the area in Saskatchewan which is of that character and should be taken out of cultivation?

HON. MR. TAGGART: I have made an estimate myself. It is perhaps not very soundly based, but I am prepared to state in public that there are at the present time approximately 33 million acres under cultivation out of about 56 million acres of occupied farms, and in my opinion there is perhaps ten per cent of that cultivated acreage that should come out of cultivation and stay out. That would be about $3\frac{1}{2}$ million acres or 4 million acres at the outside.

THE CHAIRMAN: Is that principally in southern Saskatchewan or is it spread all over the province?

HON. MR. TAGGART: It is spread over a wide area, but the great bulk of it is in the south and west. The reason why that land should be abandoned is largely the fact that sandy soils are not suitable for long-time farming, but they were brought under cultivation in the early days, and one of the problems that confront us now is to get these lands withdrawn from cultivation, and to get them back into grass or into some usable condition. Definite steps have been taken to-

wards that end and some progress has already been made.

There is only one other question I wanted to ask and answer--I am in the happy position of being my own counsel here--and that has to do with the people who occupy these lands. I do not know to what extent an examination into their psychological attitude is a part of your responsibility, but it seems to me that in making an attempt to gauge the future it is important to know whether or not the recent disasters have seriously deteriorated these people. I am not a psychologist, and I do not propose to answer it from that point of view, but merely to say this; that the acreage of wheat sown in Saskatchewan in 1937 was greater than it was in 1928. The year 1928 was one of our peak years, when farming in Canada was good and people were supposed to be prosperous. They could buy any equipment they needed and the other supplies they required to carry on their farming operations. Yet in 1937 a larger acreage of wheat was seeded than in 1928, and less than 3 million of that 14 million acres had seed supplied to it by the government. The government seed in 1937 covered less than 3 million acres, whereas 14 million acres were actually seeded. The acreage seeded by the efforts of the people alone, without any help from the government, was I think equal to the acreage seeded in 1926 or 1927, under very much better conditions. The acreage of summer fallow in 1936 was I think the highest in our history; it was approximately 9 million acres. The production of creamery butter practically doubled between the years 1928 and 1936. It rose from 13 million pounds, roughly, to 26 million pounds in that period.

THE CHAIRMAN: Principally in the northern part of the province?

HON. MR. TAGGART: Principally in the south. The

production of honey, I have not the exact figures but I think I am approximately right when I say that our honey production has multiplied five times between the beginning and the end of the drought period.

THE CHAIRMAN: Where do the bees get their flowers?

HON. MR. TAGGART: Chiefly from seed clover, which in some districts is used as a crop, and in other districts grows as a weed. The crop of oats and barley has been maintained practically at the levels prevailing in 1927 and 1928. The numbers of livestock have been maintained or slightly increased, except hogs, which have declined, directly due to a shortage of feed grain.

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These general statements that I am making can be verified by reference to the brief or to the census returns, and they indicate that if the morale or the energy or the enterprise of the farmers of Saskatchewan had declined seriously in this period it is impossible that they could have continued to carry on farming operations on the scale they did.

No people broken in morale, in spirit, whose energy has been undermined, who have lost the will to work could have maintained in these difficult circumstances the output of actual work which these people have maintained.

Their equipment is less effective; there has been serious deterioration in equipment. Their resources wherewith to buy the necessary supplies are not what they were previously, and assistance given by all governments has been very small in comparison with the losses which these people have suffered in consequence of crop failure and low prices. So even though governments may have spent on relief in various ways, up to the end of 1936, perhaps \$110,000,000, that expenditure has been a very small percentage of the losses which the farmers have actually suffered. It cannot therefore be said that it has been any adequate substitute for their own income.

To indicate how small a percentage relief has actually constituted of the losses suffered by the farmers, I might say, if we take yields and prices actually obtained -- I am referring to wheat -- from the years 1918 to 1929 inclusive -- and take the prices actually obtained between 1930 and 1936, we shall find that there is an enormous difference in favour of the earlier period both as regards yield and in the matter of price.

You will also find, if you make the calculation, that had the yields and prices between 1930 and 1936 remained as they were during the earlier period, the farmers of Saskatchewan would have obtained an income of approximately one billion dollars more than they actually got. There was substituted for that loss a relief expenditure of about one hundred or one hundred and ten million dollars -- and that is relief of all kinds, which is about 10 per cent of the actual loss of income sustained as the result of the crop failure and low prices.

I began this section of my submission for the purpose of showing that the morale and the energy of the people of Saskatchewan, particularly the farmers, have not been seriously impaired by drought and disaster; and my evidence is the fact that they have maintained their productive enterprise in so far as this was within their control, at or above its former levels; and the only failure has been on the part of nature, which did not produce the rain required to grow crops.

THE CHAIRMAN: What about the extent of summer fallow this year?

HON. MR. TAGGART: There will have been a greater decline as compared with 1936 owing in part to the lack of resources to prepare summer-fallow, and owing also to the fact that the drought was so intense during the summer of 1937 that summer-fallowing on any extensive acreage was not good practice. It exposed the land to drifting without giving an opportunity for the picking up of moisture in compensation.

THE CHAIRMAN: Does the fact that the soil did not produce a crop this year, by reason of the drought, make it any more favourable for a crop next year?

In other words, will a year's rest help it next year?

HON. MR. TAGGART: There is some evidence to indicate that following a period of drought the productivity of our soil increases, even with the same amount of rainfall. That is to say, a period of failure is equivalent to a period of summer-fallowing, and there is a tendency for the available fertility to increase during the period of drought. With good rains there will be good crops.

THE CHAIRMAN: The rest does the soil a measure of good.

HON. MR. TAGGART: Yes, it produces a measure of good. Unless there are any questions which you would like to ask me, Mr. Chairman, I have nothing further to say.

THE CHAIRMAN: There are a few questions which I should like you to answer.

First, as regards the matter of rust, which was one of the serious factors in the 1935 crop. How far have you succeeded in either securing a rust resistant wheat or in developing methods of combatting the rust menace, which you think will mitigate if not solve the rust problem?

HON. MR. TAGGART: It seems that we have now a sufficient number of rust resistant varieties to enable us to say definitely that we have a good chance of escaping serious damage from this quarter in the future.

THE CHAIRMAN: I have noticed in the newspapers of Manitoba that the government is buying quantities of thatcher grain.

HON. MR. TAGGART: Yes.

THE CHAIRMAN: Is anything of the kind being done in Saskatchewan?

HON. MR. TAGGART: Yes. We have accumulated a quantity of thatcher wheat for sowing in the southeastern area in the spring. The province of Manitoba produced four and a half million bushels of thatcher wheat all of which escaped rust satisfactorily, and it is estimated that the greater part of Manitoba will be sown with thatcher in 1938. It seems likely that we shall get a substantial quantity sown in Saskatchewan. There will be a considerable acreage sown to this and other rust resistant varieties, the others in smaller quantities.

THE CHAIRMAN: Is the thatcher wheat as early maturing, and is it likely to escape the frost as well as the other varieties?

HON. MR. TAGGART: It is earlier maturing than Marquis but not as early as Reward or Garnet. It is probably not quite so suitable to the northern districts, but it is not necessary to grow rust resistant wheat in the far north and far west.

HON. MR. DAVIS: What about the milling qualities of thatcher?

HON. MR. TAGGART: As reported upon by our chemists and those of the United States, it is apparently good. Some question has arisen as to the acceptability of thatcher wheat in the United Kingdom, and recently a trial shipment of 24,000 bushels has been arranged for actual test under commercial conditions by the mills in Great Britain.

THE CHAIRMAN: Is the danger from frost pretty well eliminated now by reason of the earlier maturing varieties of grain which you have developed?

HON. MR. TAGGART: It is in all the open plains region, but there is still a fairly serious frost hazard in the northern districts and in the corresponding districts

in the province of Alberta. It does not seem likely that any variety sufficiently early in maturity can be developed to escape the particular type of frost hazard with which we are now faced, because occasionally frosts occur in midsummer in these northern districts, and no variety can possibly be developed which will mature before the middle of July. The frosts which now do so much damage may occur --- rarely of course -- in the middle of July or early in August. In the old days when wheat growing was confined to the open plains, the frost that did the damage usually occurred towards the end of the ripening period of the crop, and it reduced the yield and grade. The prairie region usually does not suffer from these disastrous midsummer frosts. But these frosts do occur in the far north and in western Alberta in the neighbourhood of the mountains.

THE CHAIRMAN: In certain districts in recent years grasshoppers have been a serious menace. Has that been true of Saskatchewan?

HON. MR. TAGGART: Yes. Saskatchewan has had most of the grasshoppers as well as most of the drought in recent years. The grasshopper menace reached its height and did the greatest amount of damage in 1933. Since that time there have been depredations of a serious nature on these smaller areas. There has been a scattering of infestation over each area, and at the present time the indications are that much of the southwest is almost free from grasshopper infestation; but there are some spots in the far north and northeastern regions into which grasshoppers never penetrated before where there may be serious danger in the spring of 1938. The total damage however would be less than in 1933.

THE CHAIRMAN: Have you discovered a method of

preventing the development of the grasshopper pest?

HON. MR. TAGGART: The only effective method so far developed is the use of poison at the time or shortly after the time when the young grasshoppers hatch-- that, together with tillage methods.

THE CHAIRMAN: What about the land that is not now being cultivated in this province and which is suitable for cultivation? Is there much of that, apart from the areas you spoke of, on farms already occupied where a larger area might be brought under cultivation? Apart from that, is there much land in the province suitable for cultivation but which is not being cultivated?

HON. MR. TAGGART: Apart from the areas included within the boundaries of the present farms? There is very little. There may be isolated spots in some of the forest reserves, and there are small areas in the far northwest out of reach of transportation; but for practical purposes it can be said that there is very little free land left for homesteading or occupation which is worth occupying.

THE CHAIRMAN: I was not limiting my question to free land or homesteading, but to land not cultivated. I had in mind the Canadian Pacific Railway, the Hudson Bay and mortgage companies.

HON. MR. TAGGART: As regards land owned by the railway and land companies, while some of it is fit for cultivation, it has been pretty well picked over and the best of it sold to private individuals. It may be possible to cultivate some of it, but the bulk of what remains in the hands of the land companies is not very good land; and the land which has reverted to the mortgage companies has reverted, in a great many cases,

for the very good reason that the men operating it could not make it go. And they could not make it go because usually the land was not good. There have been individual failures on good land, but that land is being operated by renters or tenants and cannot be regarded as still open for cultivation.

THE CHAIRMAN: Do you see any reasonable prospect of a substantial increase in the population of this province, supported by agriculture, in the next twenty years?

HON. MR. TAGGART: No, I do not. My own opinion is that we have about as substantial an agricultural population as this land can carry. Comparisons with corresponding regions in the United States might suggest that we have too many people. The corresponding areas in North Dakota and Montana carry a thinner population than southern Saskatchewan, even though that country has been occupied longer than this. There are many factors involved in this question, and it is not a safe comparison to make.

THE CHAIRMAN: As you no doubt know, it has been suggested on a number of occasions that by a system of irrigation a good deal of land that is now too dry might be brought under cultivation. What do you say as to that?

HON. MR. TAGGART: There are two or three factors that are essential to successful irrigation. One is a supply of water and another is suitable soil; and a third factor is the physical relationship between these two, making it possible for the water to flow under the soil without involving too great an expense.

We have some water and a great deal of soil suitable for irrigation; but in Saskatchewan at least the

relationship between water and land is very poor. Topography and altitude are such that the main water supplies which we could draw upon are not accessible. The rivers lie at levels as much as 400 or 600 feet below the land which we might try to irrigate.

I do not know of any successful irrigation carried out anywhere based upon the pumping of water at such heights. Even in India, where more than half the total irrigated land of the world is located, they do not undertake stunts of that kind.

We can irrigate some land in Saskatchewan, and there is probably a much larger acreage irrigable in Alberta because of the more favourable relationship between the elevation of the land and the water. Most of the irrigation in Saskatchewan will result from the impounding of the run-off water. The Cypress Hills watershed loses a considerable quantity of water every year by run-off. Much of it is being impounded as a result of action taken in recent years, and a considerable number of scattered small areas can be irrigated to the advantage of the people who occupy those lands.

In my own opinion, however, any extensive large scale project involving hundreds of thousands of acres in a single block is not feasible in Saskatchewan. Even if money were spent freely and no account taken of the cost, we still could not irrigate, by any stretch of the imagination, ten per cent of the cultivated acreage of Saskatchewan.

THE CHAIRMAN: One further question, Mr. Taggart. It has been suggested that the planting of trees might improve the situation so far as the rainfall and the retention of moisture are concerned. Dr. MacKay at the Indian Head Experimental Farm adopted a policy

of this kind in order to solve the soil drifting problem.

HON. MR. TAGGART: That was partly the reason. Incidentally, I may say that I saw soil drifting among those trees in 1931, and I believe it was as bad as it is in the open plains. I am very much in favor of tree planting for decorative purposes, for protecting homesteads and for the accumulation of snow which may be used to irrigate small garden plots; but I see no possibility whatever of either changing the climate or materially changing the condition of the country by tree planting. The idea that trees influence climate is, it seems to me, a complete inversion of cause and effect. Rainfall makes trees grow; trees do not produce rainfall.

The reason why we have few trees in southern Saskatchewan is that rainfall and climatic conditions generally are unfavourable to trees. If these conditions had been favourable there would have been plenty of trees before we came here as a civilized people. We cannot alter these natural conditions by attempting to change the superficial results of climatic conditions over a long period of time. So that much as I desire to see trees planted for the purposes I have mentioned, I see no possibility whatever of changing our climate or of materially affecting our position by the planting of trees.

COMMISSIONER MACKAY: I take it that in your opinion, Saskatchewan has about reached the optimum of its population.

HON. MR. TAGGART: That is a difficult question to answer. In so far as agricultural land is concerned, my opinion is that we shall not in any reasonable time greatly extend the acreage under cultivation.

COMMISSIONER MacKAY: What about the natural increase of population? Do you think that conditions will lead to emigration from Saskatchewan?

HON. MR. TAGGART: That has already taken place. Saskatchewan suffered a loss of population -- not a net loss but a loss -- of 60,000 between 1931 and 1936.

THE CHAIRMAN: You mean, taking the natural increase and the emigration together, there is a net shrinkage of 60,000?

HON. MR. TAGGART: Yes. Of course, that is partly due to the extremely depressed economic conditions resulting from the general depression as well as from the crop failures from which we have suffered. If crop conditions had been reasonably good in Saskatchewan between 1929 and 1936, the chances are that our population might have increased considerably more than it did, and we could have retained in employment a large number of people who had to remain unemployed.

COMMISSIONER MacKAY: There is not much likelihood of agriculture absorbing many more people, is there?

HON. MR. TAGGART: I do not think so, sir, for this reason, that the tendency ever since the first census records revealed the facts, has been for the average size of farms in the prairies to increase. There has been a slight shrinkage in farms occupied as between 1931 and 1936, but that is due to the fact that we have had a considerable number of new homesteads opened in the north end under the pressure of the drought in the south, and these homesteads have little or no land under cultivation so far. They are taken in averages. Until 1931, each successive census period showed an increase in the size of farms, both in total acreage and in acreage under cultivation. And there was a reason for this. The farmers had not been doing it for fun; they

had a purpose in view, and when the majority of them do it we can take it that there is a really good reason for it. And the reason likely is that in a dry country, if one acre will not produce the quantity required for a family the farmer will cultivate two acres. That will add to his productivity. Productivity is determined to a large extent by climatic conditions, and to a lesser degree by the type of work a man does.

THE CHAIRMAN: It was suggested somewhere--I do not recall where -- that production designed to limit the acreage sown to a crop would probably not result in a reduction of total production because the farmer would cultivate more intensively the portion he actually raised his crop on, rather than expend his energies on a larger area. Do you agree with that?

HON. MR. TAGGART: That would be true up to a point. What a farmer would do if he were restricted in acreage would be to summer-fallow an increasing proportion of the total, and until he got up to half the total acreage in summer-fallow he could probably maintain or even increase his total output.

THE CHAIRMAN: If a farmer could possibly do better on a smaller acreage, then might it not be possible to have a denser farming population?

HON. MR. TAGGART: My answer to that question, without giving it careful consideration, would be no, because it is based on the assumption that a man might retain a given acreage and summer-fallow half of it and so increase productivity. But if he were restricted in total acreage occupied his output would decline.

THE CHAIRMAN: We thank you very much, Mr. Taggart. You have given us a most interesting and illuminating statement on conditions in Saskatchewan and

we appreciate it.

HON. MR. DAVIS: I suggest, Mr. Chairman, that you hear Mr. Spence now. The government of Canada is engaged in this province in a rehabilitation scheme which is particularly applicable to the south and southwest portion of Saskatchewan. The work is being carried on generally under the Prairie Farm Rehabilitation Act, but of necessity there has to be close cooperation and contact between the provincial government and the government of the dominion, and for that purpose Mr. Spence has been designated by the government of this province as the member of the Cabinet having particular contact with the dominion authorities in the conduct of the work. He is more competent than anyone else to explain it. In addition to that, he is a practical farmer, farming at the present time right on the American boundary, and therefore from practical experience he can tell you about that section of the province. I have said this much about Mr. Spence and his qualifications, and I will leave the Commission to find out that he comes from the Orkney Islands.

THE CHAIRMAN: I know that Mr. Spence has always grown a crop in the driest year. He has told me so from year to year until this year. This year was a little too much for him. We shall be pleased to hear you, Mr. Spence. Will you tell us first your own experience down in that part of the province.

STATEMENT BY HONOURABLE GEORGE SPENCE.

HONOURABLE GEORGE SPENCE (Minister of Public Works, Saskatchewan): I shall be glad, Mr. Chairman, to tell you something of my experience, and first I should like to have you look once more at the maps that are displayed behind you and at a chart or two which I have had prepared.

A good many people think that the dust bowl or drought belt is confined to the three prairie provinces. As you see by looking at that map, there are eight complete states of the United State, and parts of eleven other states in the dust bowl or dry belt.

There is another map there that gives some indication of the size of the problem. The chart you are looking at now is the rainfall chart. I have taken Phillips county, Montana, for the reason that there are records there extending over a period of sixty years. I am showing you this chart because Mr. Taggart referred to the rainfall, and I thought it might be well to give a brief explanation of it.

It gives the rainfall in Phillips county, Montana, over a period of sixty years -- or to be exact 58. Let me reiterate what has been already said. As you move north in the drought area, which I showed you on the other side, the conditions get better, and they improve as a result of temperature. In other words, when it is dry in Phillips county, where these charts were taken, it is not so dry at Swift Current, the conditions are a little better. So that you want to keep that in mind when you look at these charts. I have included a chart in each copy of the brief.

For a period of forty years we were getting along nicely, with a fair rainfall. You will see indicated on the chart exactly what the rainfall was -- ten inches, 15 inches, 20 inches. This is the rainfall during the season.

The only period prior to the present one in which we have had more than two dry years in succession was from 1917 to 1919 inclusive. That is the only period in 58 years, prior to this one, in which there have

been three dry years in succession; and there have been only two periods in which there were two such years.

I came to the southwest that year and I have first hand knowledge of the climatic conditions from then on. Previous to that I must take the word of the chart for it, though it is identical with my own experience.

THE CHAIRMAN: What year are you referring to?

HON. MR. SPENCE: I am referring to 1912. I homesteaded 100 miles south of Swift Current on the International Boundary, and naturally I know whereof I speak with regard to conditions from that time on.

THE CHAIRMAN: Is this county in Montana close to the International border?

HON. MR. SPENCE: Yes, it ajoins it. Trade stops there, but the weather doesn't.

THE CHAIRMAN: No tariff barrier.

HON. MR. SPENCE: No, there is not. I have lived on the border and am a free trader, and I know that there are other free traders there too -- trade was freer after the sun went down.

This is an illuminating chart. It shows the influence of temperature as well as of rainfall. The red line is the rainfall and the green line the temperature. I will take two periods. The year 1915 was perhaps the most successful crop year we have ever had from the standpoint of yield and quality, and the explanation is this. We had a low temperature during the growing months and very liberal rainfall, although it was not a very wet year, with the result that we had a high yield, one of the highest, exceeded only once.

Then I take you over a ten-year period, when the yield was going up all the time. Then the yield went down and we had three dry years. You can see where the

temperature went. We had a low rainfall and a high temperature, and we had a low yield. From then on for ten years we had a very good yield owing to the fact that the temperature was coming down all the time and the rainfall going up, until we got to the phenomenal year 1928, which was perhaps the wettest year with the exception of 1916. You can see from the chart what the temperature was like; the difference spelled disaster from the standpoint of yield.

I do not know how far we can speculate on the theories advanced by Dr. Charles Abbott, Secretary of the Smithsonian Institute, but at least we can say that the period we are in now, from the standpoint of drought, is undoubtedly the severest period that we have had in 60 years so far as precipitation and high temperatures are concerned.

I assume -- I think it is safe to assume it, and I want to emphasize this point in connection with Mr. Taggart's address -- that it will be practically the same the next 50 years as it has been in the last. The average over a long time is not bad.

You have asked me to speak of my own experience. Well, I have had only one complete crop failure in the 25 years that we have farmed in that part of the country. One year I did not thresh a bushel. I did thresh this year -- not very much, but I did thresh. And that is not simply the experience of George Spence; it is the experience of hundreds of other farmers in the southwest.

I am not going to deal with the technical side of the subject at all; I will attempt to deal with it from the standpoint of a practical farmer and of what I think will result from some of the policies that are now

being put into effect.

I was struck with the statement which Premier Bracken made to this Commission with respect to the abandonment -- I do not know whether I am stating it correctly -- of certain sections of Manitoba and turning them over virtually to the ranchers or at any rate adopting a resettlement policy with regard to them.

We have been doing that for ten years to a certain extent, but the policy never made much headway. We did not have the money to do certain things and the policy did not proceed very far until certain sums of money were voted by the federal government for this particular kind of work.

Now that we have sums of money being voted annually for certain specific purposes I think I can say that we are making very substantial progress.

I wish to read the brief I have prepared -- it is not really a brief but simply an explanatory statement on rehabilitation. I will read it slowly and I want you to stop me and question me if necessary on some of the views set forth:

" The experience over a period of twenty-five or thirty years has shown that a very large percentage of the settlers on marginal and submarginal lands have not grown sufficient grain crops over the period to enable them to live without considerable government assistance. To better this condition the prairie Farm Rehabilitation Act was placed on the statute books in 1935, and its operation has been extended and enlarged under the jurisdiction of the present Minister of Agriculture. The work of the P.F.R.A. is confined to a defined area within the boundaries of the three western

"provinces, and its operations may be classified under three headings:

1. Reclamation
2. Conservation
3. Rehabilitation."

That map shows the boundary line of the defined area south of the line where the Prairie Farm Rehabilitation Act operates.

THE CHAIRMAN: For the purposes of the record it might be well to note that it runs from a point south of Winnipeg and Brandon, north of Saskatoon, south of Lloydminster, a little south of Stettler, and from there to the International boundary.

HON. MR. SPENCE: Yes, that is correct.

THE CHAIRMAN: That is a pretty large area.

HON. MR. SPENCE: Yes. The brief continues:

" The soil survey explained by Professor Mitchell, supplemented by a careful agricultural and economic survey, provides a basis upon which the important work of rehabilitation is now proceeding. In this work it has been considered wise to tackle the worst areas first, and a number of these have been classified and submitted to the Dominion Minister of Agriculture, have been approved by him and are now enclosed by fences; other areas are in process of being fenced; all of which work is under the authority and direction of the P.F.R.A."

The work that is proceeding here is based on the soil map. In this agricultural survey we are not guessing at anything. I should like to say further that in submitting the definite areas which we have submitted under an agreement between Ottawa and ourselves we are giving all the detailed information disclosed in that map, and much more minute information than that. Because, after all, the soil map which you see there on the case is little more than a reconnaissance map. That is the basis for a more detailed map which will be produced by the University, and which will contain more minute details.

I shall come to that later on in the brief.

THE CHAIRMAN: Mr. Spence, if you are coming to the question I shall ask you, do not trouble to answer it now. Would you mind telling me what you intend to do with the areas enclosed. Is it intended that these areas shall be community pasture lands or general lands on which grasses will be allowed to grow in a supplementary way, or what is the plan.

HON. MR. SPENCE: I am coming to that in detail.

THE CHAIRMAN: That is all right. Do not trouble to answer it now.

HON. MR. SPENCE: I shall continue with the brief:

"These areas are all submarginal upon which, after an experience of years, it is plainly evident that the settlers have not been able to make a living. The present policy is to turn over these areas as quickly as possible to the Dominion Government under an agreement with this Provincial Government. These areas, after they have been fenced, will be made available later to the surrounding districts as "community pastures" and, as soon as possible, reseeded to grass in some cases, developed with stock-watering dams and dugouts, and equipped with

corrals and other conveniences necessary to make them modern and up-to-date pastures. It is planned further to bring all these pastures under government management and to institute a practical breeding policy in connection with them. It requires no stretch of the imagination to conceive what this will mean -- the advantages of such a set-up in a farming community.

I shall ask Mr. Isenhauer to indicate with his pointer the areas on the map. Mariposa is one, west of Saskatoon. Show the members of the Commission where Saskatoon is. The white areas are the bad lands.

THE CHAIRMAN: Is that area west of Saskatoon, and out to Biggar?

HON. MR. SPENCE: Yes -- not exactly at Biggar. It is called Kerrobert.

THE CHAIRMAN: South of Biggar?

HON. MR. SPENCE: Yes, that sandy stretch there. There is more there that will have to come in. This is already fenced and under the policy. There are twelve small ones scattered over the province. We are putting in some large ones in the southwest corner, the Frenchman's river. I shall explain the reason for that in a moment. Wherever the white areas occur on the map they are the nucleus of the policy. We are starting on the west first. The brief continues:

Reserve Areas

"While on the subject of pastures, I desire to say a word or two about the reserve areas. The principle of conserving the native grass is the objective in setting up reserve grazing areas. My own view is that there is but little hope of discovering or developing a so-called TAME GRASS better, or as good as our native grasses, both from the stand-

point of drouth resistance and nutritious value. The native grass has withstood drouth periods back over the centuries, otherwise it would have completely disappeared. Long before the advent of the white man, this short grass, open prairie country was the habitat of the buffalo, the wild native cattle of the plains. It has a pasture quality and value unexcelled, and produces a "grass-fed" steer without a peer in any country under the sun. All the native grass needs is a chance to recuperate. Nature will take care of the situation if given a chance to do so.

My object, Mr. Chairman, in emphasizing this is to show that even our worst lands have this valuable pasture quality as a result of our wonderful tame grasses, with their high nutritious value. The trouble with our tame grasses is --- I believe the minister of Agriculture will bear me out in this -- when you get a long protracted period of drought they just disappear; but with the native grasses it is different. Twenty-four hours after a rainfall the hills are green again. It is just wonderful. I have seen cattle go out in the spring that could hardly stand up, and before the middle of July we were killing some of these cattle for beef. It is just marvellous. We have some wonderful assets, and I sometimes wonder if we appreciate them to the full.

Continuing the brief:

"Because of a succession of dry years and, in many cases, over-grazing, this great natural resource, our native grass, has become so deteriorated that we have been compelled to ship out of the Province this fall, trainloads of our best breeding stock. Indeed, so acute has the situation become that the Dominion Minister of

Agriculture has set up "special pastures" all fenced and equipped, in Manitoba as a means to provide temporary relief and assistance in the care, handling and sale of this stock.

I have already stated that the "reserve areas" are primarily for the conservation of the range. These areas will be fenced and set aside to provide pasture during periods of emergency, such as this through which we are now passing. Boiled down to a sentence, it means range management on a large or national scale. If the individual farmer and rancher will not or cannot conserve the grass, then the government will have to step in and do it for him.

To better expedite and co-ordinate the various activities necessary to carry out the various schemes in the Dominion Government's programme, it has been found necessary, in Saskatchewan, to appoint one Provincial Minister to act in the capacity of liaison officer between the Provincial and Federal Governments. The broad scope of the work extends into six different departments of the Provincial Government and this Minister's duty is to "iron out" difficulties where they arise in the different departments and otherwise act on all matters with respect to rehabilitation, irrespective of the particular Provincial Department concerned. In these matters he has a clear right-of-way through all the Departments of the Provincial Government when and where they come into the picture."

This is to avoid overlapping and speed up the work. If the P.F.R.A. organization had to go to the different departments affected they would be running around in circles all the time. As it is now they have only one minister to

go to; they come to us with their troubles and our job is to iron them out for them.

The brief continues:

"The Provincial Government of Saskatchewan is cooperating with the Dominion by placing such provincial powers as are necessary, in the circumstances, behind the dominion authorities. At the last session of the Saskatchewan Legislature, extensive powers were taken to acquire privately owned lands and to do other things necessary for the proper carrying-out of the Ottawa program. These powers will be exercised when and where necessary, and upon request of the Dominion Government.

The principle upon which this legislation is based is the well-established democratic principle, that the interests of any single individual, or group of individuals, must not be allowed to block or impede any plan or program necessary for the general good of the community as a whole."

THE CHAIRMAN: This is only a minor matter, but it occurs to me. How do you arrive at the value of the lands under these conditions, when you are taking over private lands?

HON. MR. SPENCE: Our immediate problem is the real bad lands, the sandy lands, the deserted lands, and there is really no great question of value there at all. It is a matter more or less of getting title in the possession of the Crown. Obviously, to bring an area within control you must have control. You cannot allow the private individual to come back and do something to disturb the whole arrangement.

THE CHAIRMAN: Of course, the provincial government has the right to take the lands.

HON. MR. SPENCE: Yes.

THE CHAIRMAN: But does your act permit the taking of them without compensation?

HON. MR. SPENCE: No; there is provision for compensation. Arbitration proceedings are carried out under, I believe, three acts.

HON. MR. DAVIS: You have enough, anyhow. .

HON. MR. SPENCE: We have provision under the law to deal with that. The areas with which we are dealing now are sub-marginal, so there is very little value attached to them.

THE CHAIRMAN: That is what one would think.

HON. MR. SPENCE: We have another situation with which I shall deal in a moment. I refer to the matter of expropriating land suitable for irrigation. There again we have these powers. This is what we are seeking to do, Mr. Chairman. We hope we shall leave everybody better off than when we found them; otherwise there would be no purpose in rehabilitation.

THE CHAIRMAN: No. I should think it would be an exceptional case, if you had to go to arbitration to set a value on sub-marginal lands.

HON. MR. SPENCE: Yes. They have gone much farther in Montana than we have. They have declared certain areas to be sub-marginal, and they say, if a man lives in there he lives at his own peril. He gets no indemnification for crops destroyed or cattle destroyed. He gets no assistance in the way of feed or seed, and not very much relief. I suppose they will not let him starve. The policy is in favour of the stock man and against the grain man. The object is the thinning out of the population, that is the purpose of it. We are not going that far in Saskatchewan, only in very limited areas.

THE CHAIRMAN: I should think the dominion, who is paying the money, should not pay much for these lands.

HON. MR. SPENCE: As a matter of fact, they have not bought any lands in the sub-marginal area. The only lands they bought is where they are bringing it under irrigation.

COMMISSIONER DAFOE: Where does the title to these lands rest?

HON. MR. SPENCE: We acquire the lands and turn them over to the dominion under an agreement, and they administer them from then on. I sometimes put it this way: the picture will then be the same as it was with respect to that area before the natural resources were transferred.

THE CHAIRMAN: Why should these resources be turned back to the dominion. Why should not the province administer these lands as well as other lands within the area?

HON. MR. SPENCE: Because the dominion is spending millions of dollars, Mr. Chairman, and they feel as they are spending millions of dollars to rehabilitate the area they should have control over these lands to see that the money spent has been put to proper use and the lands have been properly used, as a result of the expenditure. That comes more particularly under the irrigation scheme.

I shall now continue with that section of the brief dealing with irrigation:

IRRIGATION.

"Unfortunately, in Southern Saskatchewan there are no large scale irrigation projects economically feasible. South of the Cypress Hills, approximately 40,000 acres can be irrigated. The largest project is in the Frenchman River Basin where there are approximately 19,000 acres capable of being irrigated -- Will you indicate on the map where the Frenchman River is?

(Mr. Isenbauer indicates on map)

THE CHAIRMAN: What river is that?

HON. MR. SPENCE: The Frenchman river. There are 40 thousand acres in that drainage basin, 19 thousand acres capable of being irrigated. The 19 thousand is in that basin and 40 thousand altogether through the South Cypress Hills. I now continue with the brief.

" and the necessary works are now being constructed to bring this area under the ditch; in addition, there is the Battle River area with another 12,000 acres; many other smaller projects are located in many drainage basins. Throughout the province, there is a total area of approximately 60,000 acres developed or in process of development, with a possible addition of another 60,000 or a grand total of between 120,000 and 150,000 acres.

Stated in a sentence or two, Mr. Chairman, the work of rehabilitation within a defined area will seek to establish an economic unit based on livestock rather than wheat farming. This, of necessity, will entail a thinning out of the population within a given area for, obviously, a livestock economy cannot support as dense a population as a similar area of land used exclusively for grain production. The stockman must have room.

This does not mean that large sections of Southern Saskatchewan will be abandoned. Let me point out here that it is possible to thin out the population to such an extent as not to leave sufficient people to utilize fully and develop the country to its capacity, even on a livestock basis.

I affirm very positively, after a practical experience of twenty-four years (and investigation bears me out) that a family may enjoy real security

on a small ranch or stock farm out in the hills if pasture is available and winter feed for their live-stock is assured. So situated, such a farmer may enjoy greater, far greater security than a grain farmer situated even on the wonderful fertile plains surrounding this city because, if his wheat crop fail (having all eggs in one basket) he has no other revenue and his overhead is much higher. The stock farmer with lower overhead enjoys practically a monthly income from the sale of his products and stock and is assured of a good living besides."

I want to illustrate this point a little. In making our submissions we took in several townships. I am now showing you one which we call area "C". In that township there is presently living 58 settlers, eight of whom are self supporting.

THE CHAIRMAN: I did not get that last observation.

HON. MR. SPENCE: There are 58 people living within those twelve townships.

THE CHAIRMAN: 58 families?

HON. MR. SPENCE: ~~Fifty-eight~~ Fifty-eight families, eight of whom are self-supporting. They have never been on relief. I know the men personally, and they never will be on relief. The reason for that is that they have some land on which they can grow a little wheat, and they have pasture besides. They have economic security.

With the operations of the P.F.R.A. we may be able to go in there and by the construction of some small dams, perhaps dug-outs, make ten more self-supporting. That will be twenty. Of course, that will leave the problem of what we are going to do with the other thirty. I just wanted to give you an intimate illustration of how the thing is working.

THE CHAIRMAN: Mr. Spence, are these irrigation works

you speak of south of the Frenchman river and the Battle river area adjacent to those pasture lands?

HON. MR. SPENCE: They are; that is the beauty of it.

THE CHAIRMAN: What do you propose to do with the irrigated area where the farmer would have a certain portion of the irrigated area?

HON. MR. SPENCE: He can grow crops. The larger ones will be subdivided into forty and eighty acre blocks, on which the farmers from the highlands will be rehabilitated. I deal with that as I go along.

THE CHAIRMAN: Thank you.

HON. MR. SPENCE: It is realized that the number of people who can be rehabilitated on irrigated lands will be only a very small percentage of those who will require rehabilitation, even after everything has been done that can be done in that way. That has reference to the larger schemes, like the Frenchman river scheme. There are only two or three large schemes in the province of Saskatchewan and they are not large compared with what they speak of as irrigation in Alberta.

Continuing the brief:

Conserving the Run-Off

"The drought conditions of the open prairie section of the western provinces can be beaten only to the extent in which we may conserve and utilize the run-off, for water, not soil fertility, is the limiting factor in our production. Wherever it may be feasible to do so, we must conserve every drop of rain and snow water. There are literally thousands of small projects scattered here, there and everywhere, which, when constructed and utilized by the individual farm owners, will change, in a measure at least, the whole face of the landscape, enable farmers to grow feed and, what is also very important, enable them to

develop gardens to provide fruit and vegetables in any and every year."

I want to explain that paragraph a little, if I may. As I have already stated, there are no very large scale irrigation projects feasible in Saskatchewan. We might say that the big thing in irrigation in Saskatchewan is a thousand little things, or ten thousand little things. That is really the big thing in Saskatchewan. That will enable farmers to irrigate from an acre, perhaps, to a hundred acres, and that is scattered here, there and everywhere.

Now, we have one advantage that they have not in the state of Montana or the province of Alberta. We do have a larger run-off.

THE CHAIRMAN: Mr. Spence, if it is a small area like an acre or a few acres, is there any reason why the farmer should not do that himself, or does he do it himself?

HON. MR. SPENCE: Well, he is assisted under the plan of the P.F.R.A., and there are certain classifications with regard to that assistance. The maximum he can get for the small dug-out is \$75.00. There are other things for which he gets greater assistance.

THE CHAIRMAN: I do not see why a man should not provide his own dug-out on his farm.

HON. MR. SPENCE: Well, yes, and I suppose he will in time. But, after all, we do a great many things, and we have done a great deal for the livestock industry in the way of encouraging pure siros, and all that sort of thing. It seems to me that this investment would be more or less lost unless we provide some way of feeding these animals. Putting it in a nutshell there seems to be only one way to explain it, and that is by intensification. There are no more free lands, no more large areas that we can homestead, that we can intensify --

THE CHAIRMAN: I quite agree with that. I was thinking only of the man with the small area. One would think a farmer, particularly if he has lost his crop, would have enough initiative himself to provide a dug-out to irrigate the small area.

HON. MR. SPENCE: Well --

THE CHAIRMAN: If it is feasible.

HON. MR. SPENCE: He should have, but unfortunately many of us have not, and it has cost the national government a good deal of money to supply feed. This is perhaps a good method of speeding it up, spending a little money to help him to get feed rather than spending large sums of money to bring in feed, and paying freight rates on top of it. Then, there is the moral effect. It strengthens the morale. One of the ministers spoke about that, and I heartily endorse what he said about it. I do not think you can maintain the morale of the farmer or anybody else when there is no livestock on the farm. I have always been a great advocate of livestock. I do not think you can build a home on a sowless, cowless, henless farm. Or establish a permanent home where you cannot have a garden. I do not believe the thing is possible at all; it can't be done; and if these small irrigation projects do that it is a good thing. I believe it is good public policy and can be defended anywhere. When water is the limiting factor in our production then, it is good public policy to spend public money to conserve that; it is very valuable. That is my point.

The brief continues:

"The soil map shows three broad classifications of prairie soil -- good, medium, or fair soil, and inferior soil or land suitable for pasture only.

The first class is the heavy, grey clay of which that

of the Regina plains is typical, it represents the best. All this class of soil needs is moisture and scientific handling to continue in wheat production indefinitely."

I put in the words "scientific handling" to draw attention to what has been emphasized by Dr. Allen, Dr. Mitchell, and the Hon. Mr. Taggart, and that is "soil drift". Undoubtedly the greatest problem that we have is soil drifting. Even on the Regina plains the soils will drift unless they are properly managed.

In the light of the experience I have had I am prepared to go a little further than the scientific man. I think the farmer has a license to go a little further than the scientific man. I believe any type of soil can be controlled with the proper methods, no matter how bad it is.

I continue with the brief:

"Consequently this type of soil presents no problem. In saskatchewan there are approximately 30,000,000 acres which fall into this class."

We have no problem, outside of the soil drifting one, outside of the Regina clays, or soils similar to that.

THE CHAIRMAN: I thought the 30,000,000 acres fell within the good area, but perhaps not.

HON. MR. SPENCE: I have discussed this very carefully with Dr. Allen, Dr. Mitchell, and the Hon. Mr. Taggart. I do not want to say there are 30,000,000 acres as good as the Regina clays. I have already qualified that; but there are 30,000,000 acres that we have not to worry about, and it is a tremendous amount of land.

THE CHAIRMAN: First class?

HON. MR. SPENCE: First class, and it is a tremendous lot too. There was a statement made here the other day which

impressed me very much,--and I am not easily impressed by statements sometimes made to public bodies -- to the effect that our best soils had lost none of their fertility; that they had not deteriorated to any degree. That statement is worthy of consideration, and I think it is correct. I do not think there is any doubt about it. It is probably not correct to say there is not some little chemical change, but as far as the practical growing of the crop is concerned our best soils have not suffered in so far as fertility is concerned.

The brief continues:

"The second class, the medium or in-between type, referred to by Professor Mitchell who doubted whether it should remain in the arable class or be classified as non-arable, along with the poor or pasture lands suitable only for ranching.

Undoubtedly, these areas present by far the greater problem, not only because of the type of soil, but because of the human factor involved -- the large number of people presently living within such areas. My own view is that in nearly all of these areas, there will have to be at least some thinning out of the present population, and so hasten the adjustment naturally taking place, namely, larger and better balanced farm units on which livestock will play an increasingly important part in farm economy."

THE CHAIRMAN: You would have many pasture lands on each farm, Mr. Spence?

HON. MR. SPENCE: No. I will have Mr. Isenhauer indicate on the map these sub-marginal soils. The white soils are the poor stuff and is not good for farming. The blue is the marginal. That is what I am talking about now. You will see in nearly every case it is adjacent to

these rough ranching lands. Perhaps with a thinning out of the population within the area part of the marginal land, at least, should be used for pastures, and in that way we shall be able to balance the area. That is the only solution I see for it, Mr. Chairman.

THE CHAIRMAN: How many acres of pasture grass is required for each head of cattle?

HON. MR. SPENCE: Forty acres for a steer in the southwest. It is splendid grass, but we need a lot of it; hence the necessity of ranching surveys, and hence the necessity of setting up these reserve areas to allow the grass to grow. I continue with the brief:

"Community pastures will be of the greatest value within these areas. Undoubtedly, assistance by the state will be necessary on a very large scale, if we are to achieve the desirable results in our time.

I hold firmly the view that, in the light of all our experience, it is possible to correct some of the mistakes made in land settlement when the country was opened up more than a quarter of a century ago.

CONCLUSION

No doubt the Commission has been greatly impressed with the tremendous human problems affecting the lives of tens of thousands of our people who live within the drought area, and its economic repercussions throughout the whole dominion, together with the vast sums of money provided by the National Treasury for the relief of distress.

I venture to affirm, and I think it cannot be successfully disputed, that this is a question of national concern and as such must be dealt with in a big way. This Government, therefore, believes that, extending over a period of years, adequate sums of

money must be provided from the National Treasury to be spent in work of a permanent nature designed, in a measure at least, to overcome, in so far as it may be feasible and practical climatic and soil conditions.

The government regards the work now proceeding under the P.F.R.A. as of tremendous importance, and is deeply grateful for what has been undertaken in the province of Saskatchewan.

The government respectfully asks this Commission to note particularly what is being done to grapple with the very serious situation in which such a large number of our people find themselves. The members of the government are unanimous in the opinion that it would be nothing short of a catastrophe, if, as a result of two or three good crops in succession, the work of rehabilitation, so well begun and progressing so favourably, should be discontinued. The key note of agricultural policy should be conservation rather than exploitation."

THE CHAIRMAN: Mr. Spence, how much is being spent by the dominion government this year on this work?

HON. MR. SPENCE: Well, it is classified. There is a certain vote for small dams. I am speaking from memory, and therefore subject to correction. I do not believe this is any use for the purposes of the record. I believe \$200,000 is being spent for small dams this year and something like \$1,000,000 for irrigation works. I feel quite confident in my own mind, taking a little time for the organization to get into its stride, as it were, that the appropriations should be larger. A much larger sum could be spent.

THE CHAIRMAN: What progress has been made on the irrigation work?

HON. MR. SPENCE: Progress has been very good. That is, we have practically half of the total either completed or in process of being completed. Just how many of the small dams, individual projects, there may be, no one can say, but there will be thousands of them.

THE CHAIRMAN: I am speaking of the larger ones.

HON. MR. SPENCE: About half of them are in process of completion.

COMMISSIONER DAFOE: What is the relation between the community pasture and the reserve area?

HON. MR. SPENCE: There is no relation, sir. The reserve area is set aside to conserve grass, not to pasture cattle. Obviously it should not be left there forever. There is no object in that. Undoubtedly later on the area will be changed over into community pasture, and the community pasture used as a reserve area. It is ranch management on a national scale.

COMMISSIONER DAFOE: How large are these community pastures, approximately?

HON. MR. SPENCE: I think we have some as small as six acres and they run to as large as 100,000 acres.

COMMISSIONER DAFOE: And the method would be to allow each farmer to pasture so many head of cattle?

HON. MR. SPENCE: Quite; give him the right to graze so many head of cattle according to his arable lands. Looking at that map again and having in mind those eight men that I spoke about, you could not possibly find in any area eight men of that type adjacent to one another. But if you give them community pasture within the area, it does not matter. They can stay at home and farm. The pasture is under the control of a foreman or boss. He looks

after the stock. They are turned in in the spring by the farmer and he just forgets all about them, except for the round-up and again in the fall when the cattle are rounded up for sale.

THE CHAIRMAN: What does he do for food in the winter?

HON. MR. SPENCE: That is the important factor.

You cannot have an economic unit unless you can grow winter food. You cannot do that unless you have a large slough somewhere, which is a natural proposition. The need for water is important. It is surprising what can be done with a very little water. I mean by that, running streams which can be formed by digging out coolies.

I do not like to give too many of my own experiences, but I should like to give one illustration. In Many Berries, Alberta, there is a ranch station which was set up by the present minister of Agriculture, Mr. Taggart, for the purpose of investigating and studying ranching. They went up there and took up location in perhaps the most inhospitable place one could find in the three western provinces. It is south of Many Berries, Alberta, in the short grass country. There was nothing there but open prairie, short grass and cacti. They took a location with a large ravine that drained about a section and a half. They built a dam across the coolie. That was in 1927. They impounded a quantity of water sufficient to irrigate forty acres by damming the coolie, and when I was there in June last year, the picture was marvellous. It was like an oasis in a desert. They were taking off the first cutting of alfalfa. You could barely see the backs of the horses over the top of the alfalfa. There were plum trees and apple trees there. I never tasted better or more luscious strawberries in my life. Roses were blooming. It was just a spot of beauty, something to gladden the heart of anyone;

and they did it by the expenditure of a couple of hundred dollars and work.

THE CHAIRMAN: You will make us all want to make for some of these places.

HON. MR. SPENCE: It shows you the possibilities of our country. We have splendid grass to start with; we have the topography; all that we lack is water. By means of the dominion policy now in effect I believe in a few years we can do a great deal with the sub-marginal area that I have been talking about. The other area will take care of itself. Of course, the rancher never was a problem.

THE CHAIRMAN: Do you anticipate that by means of the larger irrigation projects and the smaller dams that the farmers in these districts will be able to grow sufficient fodder for the winter feeding of their stock to make it a profitable farming enterprise.

HON. MR. SPENCE: In some cases, but not in every case. There will have to be some thinning out of the population in some areas. There are too many people in some areas; that is part of the trouble. Other areas have not enough people for proper development; and it would be the job of the rehabilitation branch to balance them up. I believe it should not be confined to Saskatchewan. I think the work of rehabilitation should be an open policy for the whole dominion.

THE CHAIRMAN: Thank you, Mr. Spence.

EXHIBIT NO. 69: Explanatory statement
on rehabilitation.

HON. MR. DAVIS: Do you desire to start with the deputy ministers now?

THE CHAIRMAN: I am afraid it is too late.

HON. MR. DAVIS: If you will take two or three minutes, perhaps we can do something towards facilitating tomorrow's work. We were at page 322. What has been said this afternoon

brings us up to page 324. The subject of mining was pretty well summarized this morning. That takes us down to the bottom of page 326. On page 327 there is some comment with respect to the Hudson Bay Railway. I am going to file a brief prepared by the "On To The Bay Association of Western Canada". We have put only a paragraph in the brief, but I should like to file the brief prepared by that organization. I might say at this stage that I have some resolutions prepared by the Pas Board of Trade that I intended to file, but it has been mislaid.

I should like to ask the commission when time is available to consider that factor, the development of the Hudson Bay Railway. On page 327 we stress "cooperation with the dominion." There is no necessity of reading that. We are stressing there the importance of the University of Saskatchewan in the economic life of the people.

The next subject is entitled "the well being of the people". That has been well covered. It merely summarizes what I said before. I have covered the subject of "debt burden" in another section of the brief. On page 329 we deal with the subject "in general". I would like to ask the commission to draw a line beside that. That should be perused carefully. That brings us to the top of page 330 "constitutional amendments." Perhaps I will read that portion in addition to part 13. That will leave for tomorrow only four pages in addition to the deputies.

I might say, Mr. Chairman, that the United Farmers of Saskatchewan, a farmers' organization in this province, would like to be heard. The president has been here throughout and has prepared ~~and~~ a short statement that he would like to put in. He will take not more than ten minutes in the morning to summarize what he has to say.

THE CHAIRMAN: Is it written?

HON. MR. DAVIS: Yes. It is here, Mr. Chairman.

THE CHAIRMAN: With a view to possibly getting through before luncheon tomorrow, if we can, we may start at 10.00 o'clock.

HON. MR. DAVIS: That would suit me very well. As I understand it you desire the deputies to make a statement with respect to possible overlapping as between their departments and the federal departments.

THE CHAIRMAN: I should like to get a statement from them as to the work being done by their departments and the dominion government departments respectively. This can be covered by questions and answers and not the reading of the statement.

HON. MR. DAVIS: That is all right

THE CHAIRMAN: We shall meet at 10.00 tomorrow morning.

EXHIBIT 70: Brief submitted by
the On to the Bay
Association.

The Commission adjourned at 4.30 p.m. until
10.00 a.m., Friday, December 17, 1937.

ROYAL COMMISSION ON DOMINION-PROVINCIAL RELATIONS

REPORT OF PROCEEDINGS

□ Saskatchewan

DEC 17 1937

Official Reporters

H. E. Oliver
T. S. Hubbard



REGINA, SASKATCHEWAN, DECEMBER 17, 1937

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ROYAL COMMISSION ON DOMINION-PROVINCIAL RELATIONS

REGINA, SASKATCHEWAN, DECEMBER 17, 1937

The Royal Commission appointed to re-examine the economic and financial basis of Confederation and the distribution of legislative powers in the light of the economic and social developments of the last seventy years, met at the Legislative Buildings, Regina, Saskatchewan, on Friday, December 17, 1937, at 10 a.m.

PRESENT:

HON. CHIEF JUSTICE NEWTON W. ROWELL....CHAIRMAN

DR. JOSEPH SIROIS)	
JOHN W. DAFOE, Esq.)	
DR. ROBERT ALEXANDER MacKAY)	Commissioners
PROFESSOR HENRY FORBES ANGUS)	

Commission Counsel:

Louis S. St. Laurent, Esq. K.C.

Secretariat:

Alex. Skelton, Esq.	Secretary
Adjutor Savard, Esq.	Secrétaire
	Français
R. M. Fowler, Esq.	Legal Secretary
Wilfrid Eggleston, Esq.	Assistant to the Secretary

FOR THE GOVERNMENT OF SASKATCHEWAN:

Hon. W. J. Patterson	Premier
Hon. T. C. Davis	Attorney General
Hon. J. M. Uhrich	Minister of Health
Hon. J. W. Estey	Minister of Education
Hon. J. G. Taggart	Minister of Agriculture
Hon. George Spence	Minister of Public Works
Dr. F. H. Auld	Deputy Minister, Agriculture
J. R. Hill, Esq.	Deputy Minister, Natural Resources
H. S. Carpenter, Esq.	Deputy Minister, Highways
Professor V. C. Fowke	University of Saskatchewan
Professor J. Mitchell	University of Saskatchewan

FOR THE GOVERNMENT OF SASKATCHEWAN:

F. C. Cronkite, K.C.	Dean, College of Law
A. S. Sibbald, K.C.	Debt Adjustment Board
S. Quigg, K.C.	Attorney Genl's Department
S. P. Groch, K.C.	Chairman, Local Government Board
W. McEwen, K.C.	
Dr. J. H. McKechnie	Deputy Minister of Education
Dr. J. S. Thomson	President, University Sask.
Dr. W. C. Murray	Past President University Sask.
William Allen, Esq.	Farm Manage- ment Department University Sask.
T. A. Lax, F.C.A.	Provincial Auditor
J. A. Taylor, C.A.	Superintendent, Revenue
L. Jacobs, C.F.A.	Municipal Affairs
N. C. Byers, Esq.	Chairman, Debt Adjustment Board
G. W. Myers, Esq.	
W. J. Hansen, Esq.	Department of Agriculture
T. M. Molloy, Esq.	Commissioner of Labour
Walter Dawson, Esq.	In Charge of Relief
C. J. McGavan, Esq.	Water Rights Engineer

FOR THE UNITED FARMERS OF CANADA

(Saskatchewan Section):

G. R. Bickerton, Esq.	President
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Legislative Buildings,
Regina, Saskatchewan,
December 17, 1937.

MORNING SESSION

The Commission met at 10 a.m.

HON. MR. DAVIS: Mr. Chairman, I was going to ask Mr. Dickerton, the President of the United Farmers of Canada, Saskatchewan section, to go on first this morning, but as he is not here at the moment, I would ask that Dr. Auld be heard.

AGRICULTURE

Federal and Provincial Activities

DR. F. H. AULD, Deputy Minister of Agriculture, was called.

THE CHAIRMAN: Dr. Auld, will you just tell us briefly what work the Dominion Department of Agriculture is carrying on in this province? I mean quite apart from special relief work, just the general work that is carried on by the federal department. I do not want it in detail, but just a general statement.

DR. F. H. AULD: The federal department of agriculture is engaged in the province in general lines of activity, but their main activity is the Experimental Farms.

THE CHAIRMAN: How many are there, and where are they located?

DR. AULD: They have five now. The oldest, of course, is at Indian Head; it was organized in 1888, I believe. The next was organized at Scott, in the northwestern part of the province. They have another at Swift Current. The one at Rosthern has been, I believe, disorganized to a certain extent, and a new one has been opened up at Melfort. The federal department also has the work in connection with forestry development, which was formerly done by the Department of the

Interior.

THE CHAIRMAN: Where is that done now?

DR. AULD: At Indian Head.

THE CHAIRMAN: In connection with the Experimental Farm there?

DR. AULD: It is a separate farm there, organized under the Interior Department a good many years ago quite separate from the Experimental Farm, but it is now merged and comes under the Dominion Department of Agriculture, as a part mainly of their P. F. R. A. work.

THE CHAIRMAN: What is the object in having five Experimental Farms?

DR. AULD: Well, Mr. Chairman, the province of Saskatchewan covers quite a large area, and I think you have had evidence submitted in the last few days with regard to variations in soil and climate which would emphasize the necessity of testing cereals and tillage practices in a number of places.

THE CHAIRMAN: Are they located in areas where the soil and climatic conditions are distinct?

DR. AULD: Yes, there are distinct differences. In addition to these major institutions there has been developed within the last few years a large number of what were known as Illustration Stations. These originally consisted of small areas of 160 acres or so, where a number of the experimental results of the Farms were tested out, to demonstrate or illustrate what were considered to be good practices for that territory. The last few years have converted these Illustration Stations into what might be called sub-Experimental Stations, where work is done particularly in connection with the control of soil drifting, not only for the purpose of demonstrating desirable methods, but also to

gather information as to what the results of these practices would be on particular soils in particular localities.

THE CHAIRMAN: How many of these sub-Stations are there?

DR. AULD: I cannot say definitely how many there are, but I would say about thirty. They have been enlarged to about one section, and there tillage methods and some of the operations mentioned by Mr. Taggart yesterday, such as the growing of cover crops, strip farming, and so forth, are being tested out very thoroughly on these sub-Stations.

THE CHAIRMAN: What other work, if any, does the Dominion Department of Agriculture do in the province?

DR. AULD: That is the major item, their Experimental work. They have also quite an extensive organization in connection with the marketing of livestock. The public stockyards at Moose Jaw, Saskatoon and Prince Albert come under the direction of the Dominion Department of Agriculture, through the Livestock and Livestock Products Act. They have a resident supervisor at each of these yards and a weighmaster, who weighs the livestock that is brought in for sale, and they make market reports to the federal government.

THE CHAIRMAN: For how long a period have these been established?

DR. AULD: It is perhaps eight or ten years since the control of these public markets was vested in the Dominion under that legislation. The province passed legislation to make the federal Acts applicable within the province and with respect to interprovincial trade.

THE CHAIRMAN: Are these markets under the sole control of the Dominion?

DR. AULD: They are under private management, but the Dominion has control to the extent of licensing the commission men, seeing that their bonds are sufficient, and supervising their trade practices. They exercise a measure of control comparable to that which the Board of Grain Commissioners exercises over the grain trade.

THE CHAIRMAN: Does the Dominion department carry on any other activities here?

DR. AULD: They have also inspectors in abattoirs that are doing an interprovincial and export trade under the Health Division.

THE CHAIRMAN: Health of Animals Division?

DR. AULD: It is under the Health of Animals Division, and comes under the Canned Foods Act. That may not be the exact title but it is the Act that has to do with supervision of food supplies.

The Health of Animals Branch, of course, operates quite extensively within the province, too. There are certain animal diseases which are specified in federal legislation, all of which are handled by federal officers. They deal, for example, with bovine tuberculosis, and extensive efforts have been made to stamp out that disease in domestic animals under what is known as the Restricted Area plan. There are also other animal diseases which the federal officers handle exclusively; for instance, glanders, in horses, which has been almost entirely stamped out and is very seldom heard of now. Their veterinary work relates to activities of that kind. They also investigate reports of diseases which are suspected of coming within the classes of diseases dealt with under the Animal Contagious Diseases Act. The diseases may not necessarily be of

that type, but the veterinary officers of the federal department give advice and guidance to the local practitioners and sometimes to the public as well in the course of their work, although that is not their primary function.

The Health of Animals Branch has considerable to do with issuing certificates for cattle that are shipped to the United States. A certificate is required that such animals are free from disease in the district from which they originated, and this being a matter of international trade is one in which the Health of Animals Branch participates.

THE CHAIRMAN: I suppose it is essential that that should be under Dominion control, matters affecting interprovincial and international trade?

DR. AULD: It is quite essential, I should say.

Then the federal government also does important research work in connection with entomology. They maintain a research station at Saskatoon in connection with the University where their officers operate, and they have for several years conducted, for instance, annual surveys to appraise possible outbreaks of grasshopper plagues or cutworms, two pests which have been particularly serious in recent years. They do investigational work in connection with such matters, and any control measures that are applied come under the direction of the provincial Department of Agriculture, through the rural municipalities. But the Dominion maintains continuous research and observation with regard to the rise and fall in the numbers of these pests, and gives us a forecast of what may be expected for the ensuing year.

THE CHAIRMAN: Does that cover the activities of the Dominion Department of Agriculture in the province?

DR. AULD: Then there is also an important branch, the Dominion Seed Branch, which deals with the Seed Trade Act and a number of other Acts. The seed trade generally is under their direction and control, also the trade in fertilizers and in certain kinds of poisons, and so on, that are used in checking and controlling outbreaks of crop pests, or anything of that sort.

THE CHAIRMAN: The Seed Trade Act, I suppose, is designed to secure the purity of seed?

DR. AULD: Yes, and to see that the product offered for sale comes up to certain standards and is correctly described on the labels that are attached to the packages offered for sale.

THE CHAIRMAN: Are there any other Dominion activities, or have you pretty well covered them?

DR. AULD: The Dairy Branch of the federal Department of Agriculture has an important function in the grading of all our dairy products, and in addition to the grading for sale they check the quality and particularly the moisture content of butter that is offered for sale at retail. Federal legislation requires that butter offered for sale shall contain not more than a certain percentage of moisture. That is one check which they make, and they also see that the packages offered for sale are of the standard and weight which they are assumed to be.

THE CHAIRMAN: I suppose the Dominion justifies that legislation under its right to legislate in regard to agriculture?

DR. AULD: I presume so. That retail trade has always been checked by the federal inspectors, but the grading of dairy products has been of more recent development. It is a very important development, of course,

because not only of the interprovincial trade but our export trade as well, and it is very important that our dairy products shipped for the export trade should be of high standard.

THE CHAIRMAN: Unless it could be justified under Agriculture, in view of the Privy Council judgments, it could not be justified under Trade and Commerce.

DR. AULD: They maintain another branch, sir, that is active in Saskatchewan in a small way, the fruit inspection service. The inspection of fruits and vegetables shipped into this province comes under federal authority. If there is any fault found with the grading or any complaint that it is not up to the standard of the grade indicated, the local resident inspector is called upon to determine whether or not it is of the proper standard.

The federal government also gives grants to our Exhibitions, to encourage the development of high quality livestock.

THE CHAIRMAN: After all these activities by the Dominion, is there anything left for the provincial department?

DR. AULD: There are quite a number of things, sir. The federal activities relate generally to agriculture in its wider sphere, and in addition to its Experimental Farm work, it has other activities that are more or less statutory. The province in its work goes more definitely into the sphere of production. Our legislation relates to matters such as inspection and licensing of stallions in the livestock field, the control of noxious weeds and action by municipal councils in controlling them.

THE CHAIRMAN: Are you able to induce the municipal

councils to control noxious weeds?

DR. AULD: Well, public opinion in that respect has undergone a good deal of change in a period of years.

THE CHAIRMAN: My observation from the railway or motor would indicate that there are still some noxious weeds left.

DR. AULD: That work is a progressive development, and I was going to observe that people are usually afraid of the weed which is new, and they become rather tolerant of those that are generally found in the district.

THE CHAIRMAN: "Vice is a monster"--you remember the old saying.

DR. AULD: Yes, Mr. Chairman. Then in dairying we have a measure of control through the Dairy Products Act over creameries and over those engaged in the trade which relates to the manufacture of butter.

THE CHAIRMAN: You control the manufacturing of butter, and the federal law covers weight and moisture content. Why should you have two authorities dealing with the question of the quality of butter?

DR. AULD: I cannot answer the question why that federal legislation was first introduced, unless it was that the provinces were not doing that work. It has become established now probably by usage.

Our part in licensing creameries is to see, first of all, that there is an economic set-up of manufacturing facilities, and also to prevent purely competitive development or the establishment of a creamery in a district where there is very little chance of it succeeding, because we believe that later on the farmers and producers have to pay for that creamery.

THE CHAIRMAN: If the railways had come under your jurisdiction at an earlier date, we might have had less mileage of railways!

DR. AULD: I do not say that it is always possible to control these things, sir, but that is the effort we have tried to make.

We also license those who are engaged in grading or manufacturing dairy products, but I should qualify "grading" by saying grading cream or milk.

We do not undertake to grade butter, but we do try to grade the product that goes into the manufacture of that butter, to see that the farmer who is selling the cream gets a fair price for his product and that it is purchased in accordance with its actual value.

THE CHAIRMAN: Is your cream exported at all?

DR. AULD: Cream is not exported, no.

THE CHAIRMAN: Is there any interprovincial trade in cream or milk?

DR. AULD: There is a little from the eastern part of the province. Quite a bit of our cream goes to creameries in Manitoba, and some to Alberta, and perhaps the reverse takes place as well.

THE CHAIRMAN: And that is controlled by the province?

DR. AULD: We control the creameries that are located in Saskatchewan.

THE CHAIRMAN: Does the Dominion do anything in reference to the quality of the cream?

DR. AULD: No.

THE CHAIRMAN: That appears to me to be an anomaly. The province controls and regulates all matters relating to the quality of the cream, and then it stops and the Dominion takes charge when it is turned into butter.

It would seem that one or the other could do it at less expense than two authorities dealing with the same thing at a different stage of its production.

DR. AULD: I imagine that the checking of the moisture content in butter and the weight of butter, is not a very costly service to the Dominion, or that it is done very frequently in any establishment unless they have reason to suspect the quality or weight of the product, but the grading by the federal government of the butter which goes into interprovincial and export trade is an important feature. This other feature of the determination of moisture content and weight of the packages of butter is not a costly service to the Dominion. It could be done just as well by the province, of course, but the Dominion having jurisdiction over Weights and Measures, and the testing of scales and so on, this is probably a development from an earlier period.

THE CHAIRMAN: Does that cover the Dominion activities?

DR. AULD: I have covered the Dominion activities in general.

THE CHAIRMAN: That is all we want. We do not want too great detail.

DR. AULD: In a memorandum which I prepared at the request of Dean Cronkite, which I believe has been filed---

THE CHAIRMAN: It will be filed as an exhibit now.

DR. AULD: I have set out details respecting federal, provincial and university authorities in connection with certain phases of our agricultural industry--the production of wheat for example; the production of beef cattle; the production of dairy products. I have itemized there in a very sketchy way the part our government plays in connection with each of these duties. By way of illustration

of how the various organizations are related to each other in an administrative and productive effort--

THE CHAIRMAN: The main activity of the provincial Department of Agriculture relates to production rather than marketing of agricultural products, does it?

DR. AULD: Correct.

There is another function, Mr. Chairman, of both federal and provincial Departments of Health which I think deserves mention, and that is what might be called the encouragement or promotion of agricultural production. We strive in that production to get the quality which meets domestic and export market requirements; but there are shifts of production from time to time because of some special circumstances, such as the great war, when emphasis is laid upon a certain kind of production. Great efforts were made at that time to produce volume of certain kinds of commodities. At other times we work with the federal government jointly in an effort to increase the quality of our commodities, rather than the volume, by assisting, for instance, in getting pure seed or pure bred livestock, making use of the best sires available to farmers on what is practically a bonus plan.

THE CHAIRMAN: Why should both departments be working in that field? Why should not one or the other deal with it?

DR. AULD: There is no very good reason why one should not do all of it, except the financial reason. The federal department, through its contacts with foreign countries and foreign markets, can give us a lead as to what those markets require. If the province were amply provided with funds, it could carry on promotion activities in order to get the right quality and reasonable volume of some particular commodity. The Dominion

has assisted us in joint enterprises where the province undertakes this responsibility, the government making a contribution in cash when the work is done in accordance with their idea of how it should be done. That is the result of negotiation, joint acceptance of a plan and policy which is then carried out by the province. With the exception of one or two things, the Dominion is not actively in that field. The loaning of pure bred bulls to farmers' clubs, and the payment of a concession to clubs of horse breeders, are about the only two points where the Dominion is in direct and active contact with the producers. All of the others that I can think of are done by action of the province alone, sometimes with federal assistance, sometimes without.

THE CHAIRMAN: Is there any advantage in the Dominion carrying on these Experimental Farms and sub-Stations as compared with the province doing it?

DR. AULD: There might be a little advantage in such matters, for instance, as cereal production or the testing of tillage methods, where they have an organization which is national in scope, and they can pick up information at one station that is likely to be of value to another in another province. That is one example of how the national scope of the federal organization might be of greater advantage than to have the thing entirely under provincial control, although I would like to say that the cerealist and the agriculturist of the Colleges and the Experimental Farms of a region which has similar problems have frequent conferences and pool their knowledge and information in the most generous fashion.

THE CHAIRMAN: You say that you are carrying on at Saskatoon where the University is, experiments in

breeding, in horticulture, and so on, in many fields of agricultural activity. In what respect do they differ from those carried on by the Dominion in its Experimental Farms?

DR. AULD: I presume that the technique is similar. Your mention of horticulture reminds me that the Dominion has a very up-to-date and very important horticultural station in the province of Manitoba at Morden. The College of Agriculture at Saskatoon conducts horticultural research, and that has been done in cooperation with the Experimental Farm at Rosthern. They have used these two institutions for their testing stations. The Experimental Farms have for many years made tests all over the prairies of hardy varieties of cross-bred apples, for example. We get a certain amount of value from that Morden station in regard to agriculture, which acts as a check to what is being done at Saskatoon and Rosthern, Mr. Chairman, and so there is merit and value in having these tests made at widely divergent points, and the fact that this is being done in Manitoba by the Dominion makes it of value to us in Saskatchewan.

THE CHAIRMAN: One can see there may be value, but the question is: Is the expenditure justified from the standpoint of the taxpayer when you have this multiplication?

DR. AULD: I would not argue that it could not be done just as well by the province if the same amount of money were made available to us, but the fact remains that the money is not available and the work would not be done in the province if some steps weren't taken to make funds available to the province to carry on the work. I do not think, in fact, I feel sure, Mr. Chairman, that there is not an excess of experimental work or an excess

of institutions. To my mind it is purely a question of whether or not consolidation and control under one organization would be preferable to the present arrangement, but I can hardly conceive of the Dominion turning over to the province the funds necessary to maintain those institutions. With the very close cooperation that we have with the Dominion authorities, we are content with the arrangement as it is, and I feel sure that we could not have those institutions and have that work done if it were not being done by the Dominion.

THE CHAIRMAN: Is there any overlapping beyond what we have been speaking of which you think could be avoided by consolidation?

DR. AULD: It would be very minor, Mr. Chairman, in my opinion. There are a few things which, if they were being revised and reconstructed, might be done a little differently, but in the main I think there is very little that could be called unnecessary duplication. There is, on the contrary, in this experimental work a necessary duplication in order to get the fullest value from the tests that are made. No one institution in Saskatchewan would be ample enough to test either crops or tillage methods.

THE CHAIRMAN: Thank you.

EXHIBIT NO. 71: Memorandum filed
by Dr. F. H. Auld,
Deputy Minister of
Agriculture, Saskatchewan,
respecting federal,
provincial and university
activities in agriculture.

HON. MR. DAVIS: Mr. Chairman, with your permission, sir, I will next call Mr. J. R. Hill, Deputy Minister of Natural Resources.

MR. J. R. HILL, Deputy Minister of Natural Resources, Saskatchewan, was called.

NATURAL RESOURCES - SASKATCHEWAN

THE CHAIRMAN: Mr. Hill, you are in charge of the administration of the Natural Resources in the province?

MR. J. R. HILL: Yes, sir.

THE CHAIRMAN: What work does the Dominion still do within the province in connection with the Natural Resources? I mean quite outside of the special work in connection with rehabilitation.

MR. HILL: The only work they do in connection with the Natural Resources is some geological and topographical work in connection with mining; a little scientific investigational work in connection with forestry, and I believe a small amount of hydro-electric work in connection with water, but that is very small.

THE CHAIRMAN: Then the Dominion activities are limited to scientific work in connection with hydro-electric possibilities, minerals, forestry and a certain amount of geological and topographical work?

MR. HILL: Yes, but the amount done in connection with Forestry is very small.

THE CHAIRMAN: Very small, and it is all done on the scientific side?

MR. HILL: Entirely.

THE CHAIRMAN: The Dominion is not doing any practical work within the province?

MR. HILL: None whatever.

THE CHAIRMAN: And your work covers the administration of these Natural Resources, does it not?

MR. HILL: Yes.

THE CHAIRMAN: Mines, Forestry, Agricultural Lands, and Hydro-electric?

MR. HILL: Yes, and Fisheries.

THE CHAIRMAN: What fisheries have you?

MR. HILL: We have fisheries in different lakes and streams of the province. The annual production over the past four years, ending April 30th last, has been nine million pounds.

THE CHAIRMAN: Just as a matter of interest, from what lakes or rivers do you get most of these fish?

MR. HILL: We get quite an amount from Long Lake, which is about forty or fifty miles from Regina; from the Qu'Appelle Lakes; from some of the northern lakes like Lac La Ronge, and some from Athabasca Lake in the far north, which are transported by water and out by Edmonton.

THE CHAIRMAN: Is there much commercial fish caught in Lake Athabasca?

MR. HILL: Yes, they produce about one and a quarter million pounds a year.

THE CHAIRMAN: What kind of fish?

MR. HILL: Whitefish, trout and some pickerel.

COMMISSIONER DAFOE: The Dominion has no Forestry Illustration Station here as they have in Manitoba?

MR. HILL: No, they have not. That is one thing that we feel would be of considerable benefit to us.

THE CHAIRMAN: How extensive are the forests within this province, Mr. Hill?

MR. HILL: The province is divided roughly into three parts of almost equal proportions--agriculture, forestry, and the preCambrian shield, with approximately 80,000 square miles in each.

THE CHAIRMAN: The forestry being in the extreme north?

MR. HILL: No, in the centre. The preCambrian area is in the north.

THE CHAIRMAN: So the forestry area is between the preCambrian area and the agricultural area?

MR. HILL: Yes.

THE CHAIRMAN: Are there extensive lumbering operations carried on in the province?

MR. HILL: The average production over the past ten years was approximately 75 million feet, but we took out a little more than that in the last two years.

THE CHAIRMAN: Principally what?

MR. HILL: Very largely spruce, and a good deal of cordwood.

THE CHAIRMAN: Spruce for pulpwood purposes?

MR. HILL: For export; we are producing a little pulpwood this year. There was some produced back in about 1931 or 1932, but then there was a period when there was none produced whatsoever.

THE CHAIRMAN: There is no overlapping, then, between the Dominion's scientific work and the practical work you are doing in administering these resources?

MR. HILL: None whatever.

THE CHAIRMAN: You are not attempting to do scientific work in the same field where the Dominion is doing scientific work?

MR. HILL: No, and we are not in a position to do it.

COMMISSIONER DAFOE: In Manitoba there was complaint that the geological survey work was behind in the mineral areas. Have you the same complaint in Saskatchewan?

MR. HILL: We are very badly behind here, and it would be of great assistance if the geological and topographical work were speeded up.

THE CHAIRMAN: You have prepared a statement, I think?

MR. HILL: Yes, Mr. Chairman, a very brief one.

MR. ST. LAURENT: He is filing two Exhibits,

Mr. Chairman, one on the Natural Resources, and one on the Electric Power Resources of the province.

EXHIBIT NO. 72. Memorandum on the Natural Resources of Saskatchewan--Mr. J. R. Hill, Deputy Minister.

EXHIBIT NO. 73. Memorandum on Electric Power Resources of Saskatchewan--Mr. J. R. Hill, Deputy Minister.

THE CHAIRMAN: Mr. Hill, would you just give us a word on the Electric Power Resources of the province, not in any great detail.

MR. HILL: Perhaps Mr. McGavan would answer any technical questions you may have.

THE CHAIRMAN: Just give us an estimate of the amount of power which could be developed commercially for use in this province.

MR. HILL: The amount of power that will be developed when the new 19,000 horsepower unit of the Island Falls Power Company is completed will be 82,500 horsepower.

HON. MR. DAVIS: And what of the future possibilities?

MR. HILL: I do not think I can give you any figures on that.

HON. MR. DAVIS: Mr. Chairman, Mr. Thornton is here, the Chairman of the Power Commission, and he can tell us that, or Mr. McGavan.

Mr. C. J. McGAVAN, Water Rights Engineer, was called.

HON. MR. DAVIS: What are the possibilities of water-power development in the province of Saskatchewan, Mr. McGavan?

MR. McGAVAN: There is one actual development in operation, and one coming into being.

THE CHAIRMAN: Yes, in the northwest corner of the province?

MR. McGAVAN: Yes. The results of studies indicate that there is available waterpower totalling 542,000 horsepower at ordinary minimum flow. The available horsepower based upon the continuous flow of the streams for six months in the year is estimated at 1,032,000 horsepower.

THE CHAIRMAN: On what rivers, the Saskatchewan and the Churchill?

MR. McGAVAN: Not on the Saskatchewan, but on the Churchill and the major rivers of the north. These are all northern streams.

THE CHAIRMAN: Are the sites of these possible developments such that the power could be transmitted on a sound economic basis for use in the more settled portions of the province?

MR. McGAVAN: Hardly. I think the distance of transmission, except for major operations, would be too costly.

THE CHAIRMAN: How far--to illustrate--would these major power developments be from Flin Flon?

MR. McGAVAN: The Churchill development could supply Flin Flon.

THE CHAIRMAN: I know, but the next major power development, how far would it be away?

MR. McGAVAN: They could extend considerably from storage on the lakes in the same drainage basin, and that would considerably increase the power development of that suggested line.

THE CHAIRMAN: Then there is no difficulty in mining operations in that area due to a lack of power?

MR. McGAVAN: No, not anywhere.

THE CHAIRMAN: The amounts you mentioned are very large. How much could be developed on the Churchill and how much on the northern streams you mentioned?

MR. MCGAVAN: I have not got the figures here, but possibly of that 1,000,000 horsepower we might be able to develop some 200,000 on the Churchill.

THE CHAIRMAN: And the other streams are still farther north?

MR. MCGAVAN: And west.

THE CHAIRMAN: And west, and there would be more doubt about a development project being an economical proposition in those streams?

MR. MCGAVAN: That would entirely depend on the mineral content in connection with any development, I would think.

THE CHAIRMAN: Are they near the northern or the central part of the preCambrian shield?

MR. MCGAVAN: North of and around the preCambrian shield.

THE CHAIRMAN: Then if mining development should proceed in the northern part of the province, abundant sources of power can be obtained on an economic basis?

MR. MCGAVAN: Certainly.

THE CHAIRMAN: Thank you.

MR. ST. LAURENT: From your experience with the development of power for the Regina system, have you been able to form an opinion how waterpower in Saskatchewan compares in cost with power obtained from the fuel available in this province?

HON. MR. DAVIS: I think, Mr. St. Laurent, studies and reports have been made on that question, and I think Mr. Thornton might be able to give you the information.

MR. ST. LAURENT: Thank you. I think it might be of interest to have the information.

L. A. THORNTON, Chairman of the Saskatchewan Power Commission, was called.

HON. MR. DAVIS: What are the comparative costs of power produced by steam, and water, Mr. Thornton?

MR. L. A. THORNTON: We had a report on this question, Mr. Chairman, a few years ago. The question is largely a matter which is determined by the investment we now have in steam plants. We discovered that the development of water power on the Saskatchewan river, practically north of Regina--

THE CHAIRMAN: How far north?

MR. THORNTON: That would be approximately 200 miles from here, and we came to the conclusion that that development was warranted. The site chosen was capable of developing 125,000 kilowatts. The river at that point would deliver some 650 million kilowatt hours per year. That is the amount of power that may be developed with 125,000 horsepower installed there. The present consumption in the province is approximately 130 million, so that one site would supply four or five times the present demand in the province. The estimated initial cost of that was \$13,000,000, and the ultimate cost \$18,000,000. That is, it was economical to put in two units at once, and four units when the full development was made.

The estimated cost per kilowatt hour delivered here in Regina was practically the same as the coal cost at present, and inasmuch as the Regina plant is our most efficient plant in the province, that indicated that in all our other plants we could better the results now obtained with steam production.

It was largely a question of getting the \$13,000,000 in the first place. This investigation was made about 1931. We started the investigation when there was not very much doubt as to provincial credit or about our power to finance a thing of this kind, but by the time we got through with it and the report was submitted, the picture had changed very much.

The other difficulty in connection with it is the fact that our steam plants are very efficient plants. We have had to depend on steam here altogether, and the plants, which have been built on borrowed capital, municipal plants largely, and the fixed charges have to be carried for some years together, so there was a difficulty in duplicating. you might say, with waterpower at the present time. But a steam plant has a short life. We estimate on the average that its life is something like fifteen years, and we try to depreciate our plants on that basis. Waterpower development, on the other hand, easily averages thirty years of life, and much of the installation has a much longer life than that. The economy, if the money were available, is clearly with the waterpower development.

MR. ST. LAURENT: Even in spite of the low cost of the fuel available for steam plants?

MR. THORNTON: The fuel is not at a low cost as compared with fuel in the east.

MR. ST. LAURENT: I understood it was obtainable at a relatively low cost.

MR. THORNTON: It is a low cost fuel, but it is low in heat content as well. The position here in Regina is that they buy their coal from the Crowsnest, and it is a very long haul, making it costly when they get it here, but it is the best fuel they can buy, and

they powder it here; it is adapted to that particular process.

At our Saskatoon plant we bring coal from Drumheller. Neither of us is buying Saskatchewan lignite coal. We are too far removed from the site of the mine to haul thirty per cent of water, which is what would have to be done because there is thirty per cent of water in the coal. That distance makes the Drumheller coal, which is from Alberta, cheaper. But I would not say it is a cheap fuel, sir.

MR. ST. LAURENT: Have there been any studies made of the possibilities of establishing a power plant in the Estevan region for the distribution of power elsewhere?

MR. THORNTON: Yes, we have discussed that. There is the question either of a great steam plant, and water is, of course, essential for condensing the steam, and it is a question whether they have that water supply in the south. Another thing is that the Estevan coal field is pretty well to the southeast of the province. The electric load is somewhere between there and Saskatoon, and the nearer you can get to the centre of the load, the more ideal your location. Those waterpower lakes that were spoken of a few moments ago are closer to the centre of our load than the Estevan field is.

Again, we are going into a short-life proposition when we go into a steam plant, whereas waterpower is a long-life proposition, if we can get the first cost. I am satisfied, and H. G. Acres, who made the report, was satisfied that we would have many years of life of this plant after it had been fully depreciated, and at that time we would be getting very cheap hydro power up to the limit of that particular site.

(Page 2235 follows)

(Continuing Mr. Thornton).

I agree with what Mr. McGavin has said, that up farther north there is not very much likelihood that for many years to come we can bring that power down to the settled part of the province, but as a mining source it may be valuable some day.

HON. MR. DAVIS: Mr. Thomas Molloy, Commissioner of Labour and Industries, is now prepared to make a statement.

MR. THOMAS M. MOLLOY (Commissioner of Labour and Industries) was called and examined.

THE CHAIRMAN: You have been for some time in charge of this work, Mr. Molloy?

MR. MOLLOY: Yes sir.

THE CHAIRMAN: Does the Dominion Department of Labour carry on any activities in the province?

MR. MOLLOY: Yes, they look after the administration of the Industrial Disputes Investigation Act. They have a fair wage officer who, though not resident in the province, does work in Saskatchewan. They also have several men who compile statistics and information for the department, and they have an inspector who inspects employment services from time to time.

THE CHAIRMAN: The work under the Industrial Disputes Investigation Act is limited to federal government undertakings?

MR. MOLLOY: Yes, or public utilities.

THE CHAIRMAN: Have you an Industrial Disputes Act in this province?

MR. MOLLOY: We have not an Industrial Disputes Act, but we have enabling legislation. The Legislature passed this legislation and that is the only statute we have.

THE CHAIRMAN: I suppose the number of

industrial disputes arising in the province is relatively small compared with the industrial provinces?

MR. MOLLOY: Yes, it is very small.

THE CHAIRMAN: Is there any point where there is any overlapping between the two services?

MR. MOLLOY: Not in the strict sense of overlapping, but there is a very fine line of demarcation between the two departments in some respects. Only a well trained civil servant could see it ; the public cannot, but it is nevertheless there.

THE CHAIRMAN: What is the line?

MR. MOLLOY: So far as industrial disputes are concerned --

THE CHAIRMAN: We are part of the public you know.

MR. MOLLOY: So far as industrial disputes are concerned, when any dispute comes within the purview of the federal Act they send a man from Ottawa to investigate it. If it is a dispute that does not affect a public utility or mining operations or matters of that sort, we settle it, or at least we intervene in the hope of affecting a settlement.

The Federal Fair Wage Officer has supervision of wages paid in connection with federal public works. The provincial wage officer has supervision so far as provincial works are concerned, and it sometimes happens that both federal and provincial governments contribute to the same work, so that Mr. Harrison and I get together and between the two of us we decide which one should have

jurisdiction over that particular work.

It is not so much a matter of overlapping. What frequently happens is that the federal man comes to the province and consults with the local man and they decide between themselves which one should handle the job. I believe that one man could handle it as well without being someone from Ottawa for consultation.

THE CHAIRMAN: Does the administration of relief come under your department?

MR. MOLLOY: It did up to last September.

THE CHAIRMAN: A word or two on that. Was the relief in the cities and towns wholly under you or did agricultural relief also come under your supervision?

MR. MOLLOY: It was under my department until the 1st of September.

THE CHAIRMAN: Agricultural relief?

MR. MOLLOY: No, direct relief in the urban centres.

THE CHAIRMAN: The cities and towns?

MR. MOLLOY: Yes.

THE CHAIRMAN: There are one or two questions in that regard which I should like to ask you.

HON. MR. DAVIS: I intend to call Mr. Dawson, who is in charge of relief, and you can direct your questions to him, Mr. Chairman.

THE CHAIRMAN: Mr. Dawson was in charge of relief under you?

MR. MOLLOY: Up to the first of September; now he has it himself.

THE CHAIRMAN: He would know all about relief in the earlier period.

MR. MOLLOY: He would, from the statistics of the department.

THE CHAIRMAN: Before we question Mr. Dawson,

perhaps from your experience you can give us some light on this problem: Do you believe that relief could be as well administered if wholly under the federal government as it can be administered by the provincial or the municipal officials in closer touch with it?

MR. DAWSON: My personal experience leads me to the conclusion that the farther the authority is away from the actual relief recipient the more fairly it can be administered. You are not subject to continuous delegations and pressure from organizations that are looking after these relief recipients. In the city of Saskatoon there were at one time as many 16 organizations of unemployed people. There was the unemployed association and the returned soldiers had three organizations. Every ^{time} / you changed the regulations or did something that did not suit some people you had to spend the next three days explaining the matter to from seven to fifteen delegations, who wanted to know why a certain person was cut off.

I have often thought that if you were farther away from the scene of action you could set up a regulation and that would be the end of it.

THE CHAIRMAN: Do you think that a federal organization would be as efficient in checking racketeering-- people trying to get on relief who are not entitled to relief?

MR. MOLLOY: They could be as efficient if they had the same number of inspectors who were well qualified. It is a matter of personnel rather than of the authority who appoints them.

COMMISSIONER ANGUS: On the other hand, would it be as easy to bring a bona fide hard case before a federal

administration as before a local one, assuming -- or am I wrong in assuming -- that they ever have genuine cases to bring forward?

MR. MOLLOY : They do have and they will have genuine cases, yes, because after all you are dealing with human beings, and a family of five in one place may be in entirely different circumstances as far as relief is concerned from a family of five in some other situation. You have to have knowledge of the local conditions, and that must be obtained by a local inspector. But I do not know whether it is material whether the inspector reports to a provincial authority or a federal.

COMMISSIONER MacKAY: Relief is rather a temporary problem -- at least we hope it is.

MR. MOLLOY: We hope it is, but it is not in my opinion.

COMMISSIONER MacKAY: We can distinguish between unemployment insurance, if we establish a system of that kind, and relief. The question is this: Would it not be more costly in the end for the dominion to build up a special staff to handle relief, if it comes on you in a particular year in a serious way? Can you not use your municipal service for that now?

MR. MOLLOY: One of the theories that prevailed for a long time was that relief was a local responsibility. Personally I do not think that that is sound, for the reason that those on relief are generally less capable of helping themselves, and the responsibility should be assumed by someone outside those under relief. We might say to a local municipality, "You have lost your crop and now you can help yourself, it is a local problem"; but the very fact that the problem

exists makes it impossible for the local people to look after it.

COMMISSIONER MacKAY: Sometimes it is, perhaps; but in many urban municipalities they have a reserve to handle part of the relief.

MR. MOLLOY: As far as unemployables are concerned, they always did until the unemployables became so numerous that they could not handle them. And the number of unemployables is increasing all the time. That is to say, a man of 45 or 48, who lost his work in 1930, will never work again, especially if he is in the building trade or in any trade that requires a man to run up and down ladders, a man who must be active and have precision of eye and deftness of hand. Such a man has lost these qualities, and no contractor to-day would hire any man of 45 or 50 or 55 who had been out of work for five or seven years; he would hire young men. So that these men are being gradually pushed into the unemployable class and they are increasing so rapidly that the urban centres cannot look after them. It is a big problem.

THE CHAIRMAN: Thank you Mr. Molloy.

EXHIBIT No. 74: Statement presented by Mr. Molloy with respect to overlapping.

HON. MR. DAVIS: I will now ask Mr. Dawson to tell you something of his work.

MR. WALTER DAWSON (Relief Supervisor) was called and examined.

THE CHAIRMAN: How long have you been actively associated with the problem of urban relief?

MR. DAWSON: Just a few months, sir. I have been associated with other forms of relief for several years but only for a few months so far as urban relief is concerned.

THE CHAIRMAN: What have you found in your experience in dealing with the unemployed? Do you find many attempts made to get relief by those who are not strictly entitled to it?

MR. DAWSON: There are a few such cases but not a large number.

THE CHAIRMAN: I am speaking of the urban parts.

MR. DAWSON: The number of those that apply for relief and who are not entitled to consideration is not large.

THE CHAIRMAN: What system of checking have you?

MR. DAWSON: We have a field representative of our department in each city of the province, and he sits in with their relief committee in examining applications.

THE CHAIRMAN: That is the municipal committee?

MR. DAWSON: Yes.

THE CHAIRMAN: Each urban municipality has a relief committee, and a representative of your department sits in with that committee and examines applications?

MR. DAWSON: Yes; that is a recent development started in September of this year. Up to that time we did not have direct contact with the approving of applications.

COMMISSIONER DAFOE: The relief committee is a municipal organization?

MR. DAWSON: Yes, named by the City Council.

THE CHAIRMAN: Is the committee usually composed of councillors?

MR. DAWSON: We leave it to the city to appoint their own committee.

THE CHAIRMAN: Yes, but do they usually appoint members of the council?

MR. DAWSON: In Regina they are all members of the council but in Moose Jaw most of the members of the council are citizens who volunteer their services.

THE CHAIRMAN: What about Saskatoon?

MR. DAWSON: In Saskatoon it is a purely council proposition.

THE CHAIRMAN: Have you found that having a representative on the committee has proven beneficial?

MR. DAWSON: I am satisfied that it has been of some benefit in certain communities.

THE CHAIRMAN: In what way.

MR. DAWSON: There has been a check placed on the relief officers and the council, and no doubtful cases come up now when there is a man sitting in to check up. It has not been necessary for our man to absolutely refuse to contribute to the cost of relief in these cities. The fact that he was there prevented some cases going through that might have passed an ordinary relief board.

COMMISSIONER DAFOE: This man, with the authority of the department behind him, has the final say?

MR. DAWSON: He cannot prevent any council from issuing relief but he can say that the government will not contribute to the cost of relief, which is perhaps about the same thing.

COMMISSIONER DAFOE: I think it would be rather effective.

MR. DAWSON: I think so.

COMMISSIONER MacKAY: How are the relief rates established?

MR. DAWSON: We fix all schedules in use in the province and the basis of the food schedule is a diet prepared by the Interprovincial Nutrition Committee,

composed of dietitians of the three western provinces. They have prepared a standard list of food commodities and we price them from time to time. This schedule applies to all the cities, and they must not exceed it at our expense.

THE CHAIRMAN: Does the relief recipient get money or cash?

MR. DAWSON: In Regina and Saskatoon and in one other place he gets money, but at most other points it is given in the form of vouchers.

THE CHAIRMAN: What is the standard of relief in Regina for a family of five?

MR. DAWSON: The maximum food allowance for five is about \$30 -- \$30.10.

THE CHAIRMAN: Per month?

MR. DAWSON: Yes.

THE CHAIRMAN: And what is the rent allowance?

MR. DAWSON: A maximum of \$15. Possibly 20 per cent of all our cases reach the maximum, but the average would be \$11 or \$12 in Regina.

THE CHAIRMAN: What is the coal allowance?

MR. DAWSON: There is no fixed scale for fuel. It is a matter that could hardly be determined in that way because of variations in weather conditions. We try to control it and keep it as low as possible, taking the weather into consideration.

THE CHAIRMAN: There is no other cash relief grant apart from food, coal and rent?

MR. DAWSON: Yes, there is clothing.

THE CHAIRMAN: What is that?

MR. DAWSON: At the present time, the scale in use in the cities amounts to 25 per cent of the food allowance for the family; that is to say, if there is a

food allowance of \$30 there is a clothing allowance of \$7.50.

THE CHAIRMAN: What do you allow a single man for food?

MR. DAWSON: We allow \$11.10.

THE CHAIRMAN: What is he allowed for clothing?

MR. DAWSON: He is given \$25 a year; and there would be light and water in addition to these other provisions.

THE CHAIRMAN: There would be, in addition, light and water for families?

MR. DAWSON: Yes.

THE CHAIRMAN: Where is the single man housed in Regina?

MR. DAWSON: Most of them are in the country. We have no problem in the city in connection with single men. There are 318 men on relief in Regina but all of these are physically unfit. All the physically fit single men are under the Farm Placement Scheme.

THE CHAIRMAN: Under that scheme the government pays \$5 a month?

MR. DAWSON: Five dollars a month to the worker and \$5 to the farmer; and if he remains in employment to the end of March, the worker gets an additional bonus of \$2.50 a month.

THE CHAIRMAN: Is that arrangement working satisfactorily?

MR. DAWSON: We think so.

HON. MR. DAVIS: Mr. Molloy is in charge of that phase of the work.

THE CHAIRMAN: Mr. Molloy, are the workers pretty well satisfied with the arrangement?

MR. MOLLOY: Yes, as a general rule they are.

THE CHAIRMAN: Did you have any of the workers' camps in this province?

MR. DAWSON: Yes.

THE CHAIRMAN: Perhaps Mr. Molloy can tell us how they worked out.

MR. MOLLOY: They were satisfactory up to a point; but like all concentrations of men they gave rise to certain difficulties. We disbanded the camps because we thought it more desirable to put the men out on farms. We have had therefore no camps in Saskatchewan since 1932 or 1933. There is no concentration of men in the province. The unemployed, that is the physically unfit, are roomed out -- so far as the city is concerned. They are scattered around the city in rooming houses.

HON. MR. DAVIS: But the federal camp at Dundurn operated after 1932?

MR. MOLLOY: I believe they stopped it in 1935.

HON. MR. DAVIS: We had both provincial and federal camps. The provincial camps were closed in 1933 and the federal camp in 1935.

COMMISSIONER MacKAY: In your opinion, Mr. Dawson, which is preferable, the system of cash relief or vouchers?

MR. DAWSON: In many ways cash relief is satisfactory. It is satisfactory to the merchants for the reason that they can get prompt settlement. I feel however that there is a danger in that there are individuals who do not use the money for legitimate purposes with the result that their families suffer. I would rather have the voucher system; I would recommend that it be instituted throughout the province.

THE CHAIRMAN: So far as farm relief is concerned, is it cash or voucher?

HON. MR. DAVIS: Vouchers are issued by the municipalities.

HON. MR. PATTERSON: The voucher system prevails

throughout the province except in Regina and Saskatoon.

MR. DAWSON: In one other place there is a coupon system.

THE CHAIRMAN: I saw a report from a rural area in which there was a good deal of unemployment. The people were largely on unemployment relief, and it was said that the beer parlour was flourishing on the relief. I was wondering how that could be if you had a voucher system.

HON. MR. DAVIS: I do not think the beer parlours in the drought areas are flourishing. Indeed, some of them might well be closed, though that in turn would create unemployment. I do not know that we should discriminate between one section and another because they are passing through temporary difficulties.

THE CHAIRMAN: I was only speaking of the report I saw. It was said that the people were using relief for beer rather than for the necessities of life, and I was wondering how that could be if the voucher system was in force.

HON. MR. DAVIS: Mr. Dawson points out that it could not be from relief orders, though it might be done with the small cash income which people may have over and above their relief orders, and which is taken into consideration in the fixing of relief orders.

THE CHAIRMAN: Mr. Dawson, have you had sufficient experience to enable you to express an opinion as to whether dominion administration in the city and the province would be as efficient and economical as local administration?

MR. DAWSON: I do not think so. I believe that the moment the dominion government assumes responsibility for the administration of relief you will have an increasing demand. My experience is that when the local body is administering

the relief, the administrators are in closer touch with the situation, they have a knowledge of the conditions and of the people, and they are more careful in the spending of the money. When you go to Ottawa -- anything goes.

COMMISSIONER DAFOE: Would that consideration weigh if the dominion took over 100 per cent of the cost? At present, theoretically, the people are administering their own funds even though they borrow the money.

MR. DAWSON: The federal government have already taken over 100 per cent of the cost in a large section of the province, but the administration is still left with the local council. But they in turn have a committee on which the province has one man. The committee deals with every individual application and authorizes every order issued. It is really a triple system in which all three governments participate to some extent.

COMMISSIONER DAFOE: Would not the watchfulness tend to relax if all the money came from Ottawa?

MR. DAWSON: It all comes from Ottawa and the watchfulness does not relax. We have tightened up things under our new system.

COMMISSIONER MacKAY: What is your relation with Ottawa? Does Ottawa check up on you?

MR. DAWSON: We have an effective auditing staff. The Finance Department keeps close watch on us and checks every individual order issued. The orders eventually come to Regina and are checked up for the purpose of seeing that no unauthorized person gets relief and that the amount granted is not in excess of the scale authorized. The Federal Department of Agriculture, the department in charge of drought relief, also maintains a field staff who check up on our staff. They go into every municipality in the course of the year and examine every application. It is a

slow check, but eventually they get around to every one in the federal area.

THE CHAIRMAN: I understood you to say that if the dominion provided the whole and administered relief it would be less efficient and economical. Are you speaking of the cities and towns?

MR. DAWSON: I was speaking of the whole problem of relief.

THE CHAIRMAN: Your opinion is that the farther you get away from the actual scene of action the greater liability there is to take advantage?

MR. DAWSON: That is my opinion. I have heard the statement made on many occasions, "Oh, the federal government is paying this; why be so tough?" If you took all local responsibility away completely, both municipal and provincial, there would be tendency on the part of people to attempt to get relief that was not justified.

COMMISSIONER MacKAY: Do you think that under the present system the provincial and municipal authorities can be "tough"?

MR. DAWSON: I know we are; we are too tough sometimes for the federal government.

COMMISSIONER ANGUS: I am trying to form a picture of this situation. Suppose you have had a period of prosperity with relatively no relief, and then a relief situation emerges from bad crops, or whatever the cause may be; do you think that the federal administration could take hold quickly? Do you think that there would be a possible lag there that might result in a good deal of hardship?

MR. DAWSON: I am sure there would be. If there were no municipal responsibility in the matter it would take

a long time to get the set-up in operation to take care of such a situation. Every municipality at all times has a relief problem to some extent. They have always an organization, and it is only when the problem is too large for them, when it has gone beyond their control, that they come to the government and we in turn go to the federal government.

COMMISSIONER ANGUS: Apart from its getting beyond their control, from its magnitude, do you think it would be easy to draw the line between the type of relief that should be local and that which should be dominion?

MR. DAWSON: I do not quite get the question, sir. Do you mean a distinction between the type that is agricultural -- agricultural aid -- and direct relief?

COMMISSIONER ANGUS: Some people have said that unemployables should be dealt with by the dominion and employables locally.

MR. DAWSON: I would put it the other way around. I believe the suggestion was that the unemployables should be a local responsibility and the unemployed a federal responsibility.

COMMISSIONER ANGUS: It has also been said that unemployability results from protracted unemployment.

MR. DAWSON: That is, that persons become unemployable in consequence of the relief system.

COMMISSIONER ANGUS: Yes. Do you think that these distinctions would be easily drawn in practice?

MR. DAWSON: There would be no difficulty in segregating the classes; but I feel that the unemployable class would be too large for any municipality in this province.

THE CHAIRMAN: Then, is it your view that the most efficient and economical method of dealing with the unemployment problem is to have the municipality, the

province and the dominion all interested financially as well as administratively?

MR. DAWSON: Yes, I do, frankly; I like to see that local financial responsibility. I am satisfied it has a good effect on the administration.

THE CHAIRMAN: Your opinions are in accordance with one's knowledge of human nature. Thank you, Mr. Dawson.

HON. MR. DAVIS: Before we proceed, may I say a word in connection with what we are doing under the Northern Settlers Reestablishment. As a result of the drought condition in the south a large number of families moved into the wooded areas of the north -- people with little in the way of equipment -- and settled themselves on bush lands. Many of the lands on which they settled were entirely unfit for cultivation, and no control has been kept to dissuade people from settling there. They were settling there on relief without any possibility of making themselves self-sustaining, with the result that there was accumulated a charge on the revenues of the province of approximately \$1,000,000. It appeared to us that this would continue to be a charge for all time to come unless we intervened, and moreover there was the danger of a social and economic cancer developing in that section because the children would grow up under the same conditions. We therefore stepped in under an organization known as the Northern Settlers Reestablishment, and at August 31, 1937, we had 4,686 families, direct relief cases, in the north. Of that number we are attempting to resettle 3,295 families.

Certain blocks of territory unsurveyed, which contained good land, have been blocked out and we have surveyed some of that for farming; and we are engaged

in moving people from lands not suitable for cultivation to good lands. Assistance is being given in the erection of small houses and for the purchase of a small amount of stock and equipment. The government is assisting in breaking up a maximum of 35 acres on each farm.

This year the government, under that scheme, broke up between 25,000 and 35,000 acres of land.

We have settled or rehabilitated 1,100 families in areas where drainage was required. The result is, in my opinion, astounding, and is an evidence of what can be done by the intervention of the state in the rehabilitation of people. Our activities so far have reduced the number in receipt of relief and made many of them self-sustaining.

We anticipate that with the continuance of this plan we shall in time have all these families off relief, with the exception of the unemployables, who can never get off relief. Apart from these however, we expect that within two years we shall have these families on a self-sustaining basis.

What this endeavour is doing to the morale of the people is marvellous, as I discovered in consequence of a personal tour this fall. There came to my notice instances of men who the community had thought were useless, but the moment it was made possible for them to see some daylight their attitude towards their own problems changed, so that they are now trying to solve their own difficulties. We are doing all we can to solve that problem and to restore the morale of the people.

And now, Mr. Chairman, I think you might hear Mr. Carpenter, the Deputy Minister of Highways.

MR. H.S. CARPENTER (Deputy Minister of Highways,) was called and examined.

THE CHAIRMAN: You are in charge of the Highways

Department, Mr. Carpenter?

MR. CARPENTER: Yes.

THE CHAIRMAN: What work is the dominion doing in connection with highways?

MR. CARPENTER: At different times since 1919, under the Canada Highways Act, we have been doing highway work towards which the Dominion Government has contributed.

THE CHAIRMAN: I have forgotten the percentage; what does the dominion contribute under the Canada Highways Act?

MR. CARPENTER: They contribute 40 per cent; the remainder is borne by the province.

THE CHAIRMAN: What extent of highways have you constructed under that Act?

MR. CARPENTER: We completed our work under the Act about 1927. I have the amounts spent but not the mileage. As you will no doubt recall, the Canada Highways Act provided \$20,000,000 for all the provinces and allocated the money to them in proportion to population. On that basis Saskatchewan's share was \$1,806,000.

THE CHAIRMAN: Since 1927, when you had worked out all the dominion grant under the Act, has the dominion been giving any assistance in highway construction?

MR. CARPENTER: It has all been in the nature of unemployment relief. The dominion has been assisting the department in the way of providing this relief work.

THE CHAIRMAN: They have been assisting on the basis of work?

MR. CARPENTER: Yes.

THE CHAIRMAN: Has any great extent of highway been built under that plan?

MR. CARPENTER: Yes. This commenced in 1930 and up to February 28th, 1937, that is, practically the end

of the last fiscal year, the Department of Highways has spent a total of \$34,912,000 on construction of provincial highways, including bridges. We have obtained by way of subsidy or grant from the federal government \$4,444,000; the balance has all been provincial. We have got only \$4,000,000 odd from the federal treasury.

THE CHAIRMAN: On what principle has that dominion grant been made?

MR. CARPENTER: It has varied at different times in the past. From 1925 it has been on the basis of a 50 per cent contribution by the dominion.

THE CHAIRMAN: To provincial highway construction?

MR. CARPENTER; Yes. We have a separate agreement with the Department of Mines and Natural Resources and their basis of contribution is 66-2/3 per cent.

THE CHAIRMAN: Do you mean the Dominion department?

MR. CARPENTER: The Department of Mines and Resources, yes.

THE CHAIRMAN: In Ottawa?

MR. CARPENTER: Yes.

HON. MR. DAVIS: It is under a vote in connection with mining roads.

MRL CARPENTER: It is to facilitate transportation into the mining areas in the north.

HON. MR. DAVIS: Yes.

MR. CARPENTER: Then we have a small grant from the Board of Railway Commissioners for the elimination of dangerous railway crossings.

THE CHAIRMAN: Under your system in this province, to what extent do the municipalities construct their own highways?

MR. CARPENTER: They assume no responsibility for

what we call our provincial highways. Under our provincial highway system we have 6,807 miles, and the municipalities do nothing on that. They contribute nothing towards the cost except that, pending the time when we can get around to it, they may carry out some improvements. Once we have built the road up to our standard we take it over for maintenance, and the municipality is responsible for looking after market roads and lesser highways. In the past, the Department has contributed largely by way of grants to the municipalities to assist them in constructing and improving their main market road system.

COMMISSIONER DAFOE: The dominion has no direct responsibility in relation to any highway in the province? They are not interested directly in having a road built in any direction or maintaining it at any level of efficiency.

HON. MR. PATTERSON: Except within the National parks.

COMMISSIONER DAFOE: Yes, of course.

MR. CARPENTER: Their grants are give upon application of the Minister of Highways, specifying the roads and highways. On their approval the province carries on the work and finances it initially, being reimbursed by the federal government.

COMMISSIONER DAFOE: You have what is called the trans-Canada highway in Saskatchewan. That is really a provincial road?

MR. CARPENTER: Provincial highway number one is designated the trans-Canada highway.

THE CHAIRMAN: I suppose that before they pay over their 50 per cent the dominion authorities inspect the highway and pass upon the condition of the work?

MR. CARPENTER; Yes. They have a system of engineering inspection, under both the Department of Labour and the Department of Mines as well as the Board of Railway Commissioners. The work is inspected during its progress. Then they have their own auditors who check up. It is all audited by the dominion as well as by the provincial auditors.

EXHIBIT No.75: Memorandum as to federal aid to highways.

EXHIBIT NO.76: Memorandum as to overlapping in highway control.

EXHIBIT No.77: Memorandum as to overlapping of services in public health field.

THE CHAIRMAN: Mr. Davis, in connection with your health activities, does the Dominion Department of Health carry on any work within the province?

HON. M.R DAVIS: Under the Department of Pensions and National Health.

EXHIBIT NO.78 : Memorandum as to overlapping of services in the Attorney General's Department.

EXHIBIT No.79: Memorandum as to overlapping in Department of Insurance.

EXHIBIT NO.80: Memorandum as to jurisdiction in insurance matters.

EXHIBIT NO. 81:Memorandum as to proposal to amalgamate three western Universities.

EXHIBIT No.82: Memorandum as to Saskatchewan Farm Loan Board.

THE CHAIRMAN: You went out of the loaning business as soon as the Dominion Farm Loan Board commenced?

HON. MR. DAVIS: That is not the cause of our going out. We went out because we did not have anything to lend. I believe that Mr. G.R.Bickerton, President of the United Farmers of Canada, Saskatchewan section, wishes to make a statement now.

MR. G.R.BICKERTON(President of United Farmers of Canada, Saskatchewan Section): Mr. Chairman and gentlemen, it is not my intention to take up much of your time. After we had begun to prepare this brief we received a copy of the government's brief and at once went through it to see, not what it contained, but rather what was not in it, and by the time we got through we found that there had been very little that had been left unsaid.

There was only one matter that we could really see had not been touched on in the brief and I should like to read that part of our submission that covers that omission. It will be found at the beginning.

It refers to the marketing of agricultural products:

" Referring first to the question of the marketing of agricultural products, members of the Commission are fully aware of the difficulties that have existed for many years past with regard to federal vs provincial powers, and also of the recent judgment of His Majesty's Privy Council disallowing the Natural Products Marketing Act passed by the federal House during the regime of the last federal government, to which it will be necessary to refer.

This question was raised in a very acute form following the disbandment of the Canadian Wheat Board in the year 1920, when doubt was expressed as to whether the federal government had power, under the conditions then existing, to pass legislation establishing a Wheat board such as that which had operated for the marketing of the 1919 crop. However, an Act was passed in the federal House under which a Board was to be set up providing concurring legislation was adopted by the legislatures of the prairie provinces. As the members of the Commission

"will be aware, the efforts of the then premiers, Hon. C.A. Dunning and Hon. Herbert Greenfield, to find men who were willing to undertake the responsibility of forming a Wheat Board following the passing of the necessary enabling legislation by Saskatchewan and Alberta Legislatures failed, and the legislation therefore did not go into effect.

In the year 1929 a controversy arose in this province on the question of compulsory marketing, and our organization, the United Farmers of Canada carried on a campaign in favour of the proposal for 100 per cent control of the marketing of the crop. The outcome of the campaign was the introduction of a bill in the provincial legislature for the compulsory marketing of grain. This was passed by the legislature notwithstanding the Supreme Court of Canada had shortly before declared a provincial Marketing Act of the British Columbia legislature ultra vires of the province. In the session of 1934 the federal government enacted the Natural Products Marketing Act, under which attempts were made to set up boards for the marketing of poultry and poultry and livestock products in Saskatchewan."

THE CHAIRMAN: Did this legislation, passed by the provincial House, with respect to compulsory marketing ever go into effect?

MR. BICKERTON: No; it also was declared ultra vires. To continue:

"On the change of government in 1935 it was decided to submit this and other legislation to the Supreme Court of Canada for a ruling as to its

"validity. The Supreme Court declared the Natural Products Marketing Act ultra vires, on which the Attorney-General of British Columbia appealed to the Privy Council to have the decision reversed.

In giving judgment concurring with the decision of the Supreme Court of Canada their lordships said there could be no doubt that the act covered transactions in any natural product completed within a province, and had no connection with interprovincial or export trade, therefore it is plain that the Act purported to affect property and civil rights in a province, and if not brought within one of the enumerated classes of subjects in Section 91 must be beyond the competence of the Dominion Legislature. It was sought, their lordships continued, "to bring the Act within the class of Section 91, namely, regulation of trade and commerce," but the regulation of trade and commerce does not permit the regulation of individual forms of trade and commerce confined to a province. Commenting on the fact that some provinces attach much importance to marketing schemes their lordshipssaid: "Unless and until a change is made in the respective legislative functions, it may be that satisfactory results can only be obtained through cooperation, but the legislation will have to be carefully framed and will not be achieved by either party leaving its own sphere encroaching upon that of the other."

It is plain from the wording of the judgment that in the opinion of their lordships until a change is made in the B.N.A. Act the present unsatisfactory and clumsy method of one government passing

"an act to be implemented through the passing of enabling legislation by the other must continue."

Page 2265 follows.

"In the meantime, however, another provincial marketing act has been passed by the government of British Columbia, and is at present in operation, as the Supreme Court of the province has declared it ultra vires. This act also, however, is to be appealed to the Privy Council for a final decision. It is unthinkable that this "hit and miss" method of legislation, with its uncertainty and tremendous expense in the way of appeals should be continued, and we urge that a definite recommendation be made to the Federal Government by the Commission which will settle the question of federal vs provincial powers over marketing once for all."

THE CHAIRMAN: Now, just a couple of questions there. First, your organization considers it, I judge from your representation, very important that some legislative authority should be competent to enact the necessary legislation to control marketing. Am I correct in that?

MR. BICKERTON: Yes. We feel that the method that has been employed in the past should not be continued. Two or three provinces, I believe, passed legislation of this kind which was afterwards declared ultra vires. Then, the dominion government passed an act which was declared ultra vires. We want the whole thing clarified; we believe it should be.

THE CHAIRMAN: It is quite clear that the provinces cannot enact legislation dealing with interprovincial trade or export trade.

MR. BICKERTON: Yes.

THE CHAIRMAN: Do you believe the whole field of marketing legislation should fall within dominion jurisdiction.

MR. BICKERTON: Well, we have pretty well come to the conclusion in this province, I believe, that it is almost

impossible to enact legislation within the province which will entirely administer to that particular product. Therefore, we must come to the conclusion that the onus should fall upon the dominion government to enact that legislation.

THE CHAIRMAN: I wanted to get your view, because you do not state that in your brief. You state it should be cleared up, but you do not state where the responsibility should be placed. That covers the point I wanted.

MR. BICKERTON: There is only one other comment I wish to make, Mr. Chairman. I want you to turn to page 4 and take note of the last paragraph but one. When I read that that will be all I wish to say.

"The present interest responsibility of our Province, our municipalities, corporations and individuals, combined with proportionate cost of administration and social services, is more than our annual production of new wealth can possibly take care of, and amending the constitution of Canada can in noway beneficially change the economy of the Dominion unless the profit motive is removed from our national means of exchange. That, as we see it, is the challenge to your Commission. Unless recommendations are forthcoming designed to benefit materially Canada's economy, in addition to defining national and provincial autonomy, we feel that the commission will not have made the fullest use of its present opportunity."

That is the way we feel about it. We say, you may change the constitution in several places, you may reallocate the distribution of the revenue that accrues from whatever source it does accrue, but you still have the same amount of purchasing power in the dominion. Unless you change

the economy of the nation all you have done is simply to move the furniture around.

We believe that the commission should make recommendations not only to amend the constitution but to change the economy of the nation.

THE CHAIRMAN: Change the economy in what respect. Would you just define that a little more specifically.

MR. BICKERTON: Let us put it this way: we have our province of Saskatchewan. In the past few days, at least, the Commission must have got some kind of an idea that there is something wrong here. The province has slipped financially. You heard the picture presented in Manitoba. You may go over all of the provinces and you may hear the same picture presented. In fact, there was a statement in last night's paper which gave a little indication that there was something wrong in Ontario and Quebec. These provinces have slipped financially. I read a statement in the paper the other day, or I saw it in the brief, that the dominion has slipped back to the tune of about half a billion dollars in the last few years. That simply means that we must establish an economy which will bring more purchasing power to this country. It must come from the outside, as I see it. Then, we must utilize the purchasing power and eliminate whatever extravagance can be eliminated.

In other words, I just go back to what I said a while ago. Economy cannot be right, if we are not able to balance budgets. Then, we must change the economy to try to bring it into line to where we can balance budgets. I believe that is all I have to say except to make some comment as a practical farmer, representing practical farmers.

We recognize in this province, as you learned last

week, that we have something in this province today that did not bother us in the early pioneer days. When we first started in to pioneer in this country --- and incidentally, I did not know until last night that the Hon. George Spence and I homesteaded in the same year, 1912; we shall be able to say, almost, George, that history started at that time -- we did not have a great many of the problems at that time that we have to deal with now. We had no rust; we had no drought at that time, for a period of time, anyhow; we were not bothered very much with hail; we had no grasshoppers, saw flies, cutworms and things like that. As I said before, we were not bothered with rust, which has been the bane of the people of this province recently.

We have come to this recognition very, very definitely that since we have ^{begun to} get these things, we shall have to change our methods. We have scientific methods applied to agriculture today, and we shall have them applied in the future. But in order to get the greatest benefit from it it is necessary that something be done to accelerate the progress that is taking place in regard to research work in the University of our province, in order that scientific methods may be applied to the practical operation of the farm. I wanted to say that before I finished.

THE CHAIRMAN: I notice in your last paragraph you suggest an amalgamation of your three western provinces. Is that the policy of your organization?

MR. BICKERTON: Yes. We have dealt with that on different occasions in our conventions. They accept that as a policy, not distinctly for the purpose of creating economies in regard to administration, but for other reasons. We do not believe that the cutting of a few salaries achieves very much. We accept that policy for the purpose of efficiency and elimination of overlapping.

We have three provinces geographically alike, as we look at it, with industries very similar. The outlook of the people of these provinces is the same. The urban centres fall into the same category, as they are the distribution points for the various branches of the agricultural industry. As we see it the people of the three provinces have a common interest, and we believe that we could be better served by being under one administration, thereby eliminating overlapping and extravagance.

THE CHAIRMAN: How many members have you in this province; how large a group are you?

MR. BICKERTON: That is a question that is usually asked. Everybody seems to ask that.

THE CHAIRMAN: I simply want to know how many people you represent.

MR. BICKERTON: A little less than 20 per cent of the agricultural population. I do not want to go into that history, because it is too long.

THE CHAIRMAN: I am only interested in the general proposition. I want to know how far you speak the sentiment of the farmers.

MR. BICKERTON: It really exemplifies the circumstances of the farmers. Back a few years ago when things were flourishing there were nearly 50 per cent of the farmers of the province in the organisation. At the present time there are less than 20 per cent.

THE CHAIRMAN: Thank you.

EXHIBIT NO. 83: Brief presented by
Mr. Bickerton on
behalf of the
United Farmers of
Canada, Saskatchewan
Section.

HON. MR. DAVIS: I have a few figures here, Mr. Chairman, on insurance policies in existence in the province,

which might be of interest. I think I shall file them. I draw your attention to the fact that in 1931 the life insurance companies doing business in this province had taken on a risk of \$396,000,000 in round figures. That amount had been progressively reduced over the years until in 1936 it was \$279,000,000. That is approximately the figure at which it now stands. They have a liability in this province under current insurance policies of nearly \$300,000,000. The net premium income has decreased from \$12,500,000 in round figures to \$8,250,000. That reduction has taken place since 1931. It is interesting to note they paid their policy holders in Saskatchewan \$8,738,000 in the year 1936 and collected in premiums \$8,386,000. They paid out a little more than they collected. These figures were given to me by the superintendent of insurance.

THE CHAIRMAN: Can you tell me this: how far is the reduction in the amount of insurance held in the province due to deaths or maturities of the policies, or due to lapses or people accepting the cash surrender value?

HON. MR. DAVIS: The bulk of it has been borne --

MR. ST. LAURENT: It appears here, sir. The figures for the death claims are quoted for each year from 1931 to 1936. They rose from \$1,400,000 to \$1,800,000, and maturity endowments in round figures from \$413,000 to \$607,000. Voluntarily cancelled and cash surrender values accepted by insured in this province rose from \$4,235,000 in 1931 to \$6,978,948 in 1933, or in six years a total of something over \$30,000,000.

The statement covers six years and shows that in those six years a total of over \$30,000,000 of accumulated savings had been withdrawn by policy holders.

THE CHAIRMAN: Yes.

EXHIBIT NO. 84: Statement re Life Insurance
in the Province of Saskat-
chewan.

HON. MR. DAVIS: You suggested to the prime minister that he say a word on the amalgamation of the provinces. I shall ask the prime minister to give his views now.

HON. W.J. PATTERSON: Mr. Chairman, in connection with the suggestion that the three Prairie Provinces might be amalgamated to form one province I may say that the government of Saskatchewan has not made any careful or detailed study of this suggestion. The proposal when made is usually supported by the argument that such amalgamation would permit of large savings and economies in governmental expenditures and as an example the possible reduction in the salaries of Cabinet Ministers and the indemnities to Members of the Legislative Assembly are suggested.

While it would be quite possible to administer the prairie section of Canada under one provincial government we are of the opinion that the estimated economies which might be possible under such an arrangement have, generally speaking, been very greatly exaggerated. In connection with the particular items referred to, the cost of the Legislature and Executive Council; — the total expenditure in Saskatchewan under those two headings in the fiscal year 1936-37 was \$246,000. In the same year the total expenditure by the Province on revenue account, capital account, and relief was nearly forty million dollars. The expenditures under the headings Legislation and Executive Council represents, therefore, less than two-thirds of one per cent of the total expenditure.

While it is true that this total expenditure includes a large amount of relief which might be regarded as abnormal, even when relief expenditures

are deleted the expenditure for Legislation and the Executive Council represent less than one and one-half per cent of the expenditures on ordinary revenue and capital account.

The Public Accounts in Manitoba and Alberta are prepared on a somewhat different basis than in Saskatchewan and I have not been able to take out comparable figures but a study of their Public Accounts reveals that their expenditures under these headings are comparable to the expenditures in Saskatchewan and represent approximately the same percentage of their total expenditures.

It is evident, therefore, that any reduction which might be made in connection with these two particular types of expenditure would have very little effect.

Insofar as the majority of governmental expenditures are concerned, I cannot see that amalgamation of the Provinces would effect any economies whatever. Payments of school grants would not be reduced nor would there be any reduction in the number of School Inspectors required to adequately supervise the schools of the three provinces. The same thing would apply to the payment of hospital grants, the supervision of public health, the treatment of mentally incompetent persons, the payment of old age pensions and mothers' allowances -- in fact, by far the greater proportion of governmental services, would have to be continued exactly on their present basis.

During one of your sessions here the question of larger municipal units was discussed and it would seem to us that very much the same principle is

involved in discussing the advantages or disadvantages of larger provincial administrative units.

Provincial governments administer services which come very closely home to the people as individuals.

In Saskatchewan, and I presume the same thing is true in other Provinces, every year thousands of citizens in their individual capacity or as members of delegations representing school districts, municipal councils, hospital boards, Boards of Trade, and other community activities visit the Parliament Buildings to personally discuss with members of the government and deputy heads of the departments matters concerning their individual or community welfare. Decentralization of government would add materially to the cost to the individuals and local organizations of making these visits.

During the session of the Commission in Regina you will have noted citizens of Saskatoon, Moose Jaw, and other points in the province in attendance as representative of organizations making representations to the Commission. Had the plains area been one province and presuming Regina to be the capital of that Province, the sessions of your commission here would probably have necessitated the attendance of municipal and other officials from Calgary, Edmonton, and Winnipeg.

In making this statement I do not wish to be understood as being unsympathetic to the suggestion that amalgamation should be considered but I do say that the economies which it would make possible have been very greatly overestimated and such savings as might be effected would very possibly be overbalanced by the additional cost which would be placed upon the citizens in conducting their business with

governments in the manner in which they prefer.

If there is merit in the proposal it would seem to us to lie, not in any financial savings which might be made but rather in the increased status that this section of Canada might hold within Confederation, if at interprovincial and other similar conferences it could speak with a united voice as one province containing a population not so much less than the population of any other province. Whether one such province would carry greater weight in the national councils than three smaller ones which do not always express the same opinions and ideas, is we think, worthy of serious consideration.

There is another matter of somewhat less importance but still worth consideration. Although there has been a very decided trend towards uniformity of legislation during the past fifteen or twenty years and the prairie provinces particularly have endeavoured to maintain as great uniformity as possible, there is of course considerable variation in the laws of the three provinces which while possibly not of very great importance, absolute uniformity over the entire area would probably be in the best interests of all.

I do not think I have anything to add to that statement, Mr. Chairman, unless there is some question you wish to ask.

THE CHAIRMAN: No, I do not think there are any questions to be asked. All we wish to do is to get your opinion on the matter, Mr. Patterson.

HON. MR. DAVIS: As Mr. Patterson's remarks will appear in the record I do not think it is necessary to file them as an exhibit.

Yesterday I mentioned that I had received a brief

dealing with the Hudson Bay Railway. The brief contains resolutions passed by the Pas Board of Trade. They asked that I file these resolutions, if you will permit it.

THE CHAIRMAN: What is the effect of the resolutions?

HON. MR. DAVIS: The effect of the resolutions is this:

"WHEREAS, some \$60,000,000 of public money has been spent to date, in the construction of the Hudson Bay Railway and its terminals with the oft-expressed object in view of obtaining faster, cheaper and safer transportation of Imports and Exports, to and from Western Canada; and

WHEREAS, this Government owned project has now become an accomplished fact, as to its construction, it obviously becomes a Federal Government responsibility to see that it is vigorously developed to its full capacity, in the best interests of the Dominion as a whole, and the Last Great West in particular:

THIS BOARD OF TRADE THEREFORE RESOLVES

1. THAT in its opinion, the Hudson Bay Railway and its terminals should be maintained and operated as a unit separate from the Canadian National System, until such time as it has become self-supporting, and has been developed into a firmly established revenue-producing public utility."

THE CHAIRMAN: That would probably be a long time, would it not?

HON. MR. DAVIS: I am not so sure, Mr. Chairman, if it was given a break.

The resolutions continue:

2. THAT, this much desired objective can, the most quickly and best be accomplished by the appointment of an Independent Government Commission, to

demonstrate its practicability, operate and establish it as a going concern."

I believe that its practicability has already been established; but naturally in its operation it is battling more established lines. We believe everything should be done to give that line a chance. It can operate cheaply and more effectively, particularly if the insurance rates are brought into closer harmony with the more dangerous risks that the boats experience in the St. Lawrence river than are found in the Hudson Bay straits.

MR. ST. LAURENT: Is it your intention to file the letter as well?

HON. MR. DAVIS: They sent me that as part of the document, but perhaps I had better take it off. There are two or three resolutions in connection with the matter. Apparently the Pas looks to the province of Saskatchewan, Mr. Chairman.

THE CHAIRMAN: As the proper source to look to.

HON. MR. DAVIS: The proper source for assistance and information. We have come to the last portion of this brief. We have only three or four pages left. I was at the top of page 330 when we concluded last evening.

I now come to the section entitled "Constitutional Amendments". Perhaps I had better read that page:

"The opinion has already been expressed that the time is ripe for certain amendments to the British North America Act and it is believed that this opinion is shared in all parts of Canada. The necessity of such amendments has become especially apparent with the growth of a social philosophy of government.

The Government of Saskatchewan does not propose to formulate a definite scheme as to the

manner in which amendments should be effected. It is submitted, however, that Canada must be regarded as having emerged from colonial status, consequently it should no longer be necessary to resort to the Imperial Parliament for amendments to the constitution. This opinion already expressed may be repeated here to the effect that unanimity of agreement among the provinces ought not to be required as a condition precedent to amendment of the constitution. To this one exception should no doubt be made: minority rights presently guaranteed under the British North America Act should not be interfered with in the absence of complete agreement among the provinces."

That is an essential. We say, if there is going to be anything done to permit of the amendment of the constitution in Canada that these rights must first be set aside and definitely fixed; that they cannot be amended without the unanimous consent of all provinces. The brief continues;

"On the occasion of the Dominion-Provincial Conference of 1935 there was general agreement that amendments were necessary and a committee was appointed to investigate methods of achieving that end. The details of the agreement reached by this committee need not be repeated here and the Government of Saskatchewan is not prepared to disagree with the methods of amendment suggested. It may be pointed out, however, that the proposed plan is not altogether free of difficulties since there may be a matter of legal interpretation as to whether a particular amendment falls within one or other of the four divisions into which the sections of the

British North America Act were to be grouped.

It will be submitted that certain amendments are necessary. They will fall into three classes:

- (1) Such amendments as are necessary to make it clear that Canada is a nation with power to make effective treaties."

Mr. Chairman, on that point I may say I was the representative of this province on the Committee at that conference. At the succeeding session of the Legislature I made a full report on what had taken place. We think that report should be filed as it might be of some use in showing exactly what the Committee was doing in this regard.

THE CHAIRMAN: Are there extra copies?

HON. MR. DAVIS: Yes.

THE CHAIRMAN: You will provide extra copies to the secretariat so that they may be provided to the Commission.

EXHIBIT NO. 85: Resolutions of the
Eas Board of Trade.

EXHIBIT NO. 86: Report of Mr. Davis
to the Saskatchewan
Legislature regarding
Ottawa Conference.

THE CHAIRMAN: Mr. Davis, in No. 1 you say we have power to make effective treaties. Are you there distinguishing between treaties made by the heads of states, and agreements between governments which are commonly called conventions, or do you embrace both within the general category of treaties?

HON. MR. DAVIS: Section 132 of the Act is presently the section in the B.N.A. Act which gives the parliament of Canada power to implement by legislation, as I understand it, treaties entered into by the British Empire and foreign states; although in the enacting of the legislation, if it

is a treaty, it may encroach upon the jurisdiction of the provinces. We are suggesting that that be altered to bring it into conformity, in the first place, with the existing status as the result of the Statute of Westminster. If Canada as an individual unit of the empire, with the treaty making powers that she now has, enters into a treaty with any other government, she should have the power to implement that treaty by legislation; although it might interfere with provincial jurisdiction. But we are not in accord with the opinion that it should also go to the extent of agreements such as those upon which the recent legislation declared invalid were based. We are not prepared to go to that extent. I am referring to the labour conventions that were entered into, and upon which the government based legislation which has been declared invalid. We are not prepared to go to the extent of saying that the government should have power to implement arrangements of that kind.

THE CHAIRMAN: There is such a convention as the radio convention.

HON. MR. DAVIS: Yes.

THE CHAIRMAN: The privy council held that that did not fall within the treaty making powers of section 135; but they sustained it on other ground. All I wish to know is whether, in view of conventions of that kind, the amendments should be broad enough to cover conventions of that kind, in your opinion.

HON. MR. DAVIS: Well, now, that has not been given serious consideration. If you asked me to give an opinion now, I would say "no" to that question.

COMMISSIONER DAFOE: There must be a formal treaty between the heads of states before there can be an impairment of the constitutional rights of the provinces.

HON. MR. DAVIS: To implement that treaty, before the government can step in and override our jurisdiction.

COMMISSIONER MacKAY: Does that not tie it down to a particular form? In fact, many important treaties are made by agreements with other countries, and between independent states.

HON. MR. DAVIS: I presume that a treaty is an agreement.

COMMISSIONER MacKAY: Many important agreements, very important in their subject matter, are made without going through that form. All that you are doing is saying it must proscribe to that form.

HON. MR. DAVIS: That is correct. If they want to have the power they must have the formal treaty to override our jurisdiction under 132.

COMMISSIONER MacKAY: As long as it comes within that interpretation, irrespective of the subject matter.

HON. MR. DAVIS: If the state enters into a contract, our contention is section 132 should be brought into conformity with our changed status, brought about as the result of the enactment of the Statute of Westminster. Since 132 was enacted the status of this country has changed as the result of the Statute of Westminster. We say bring 132 into conformity with the new status that we have as a result of the statute of Westminster, and no further.

COMMISSIONER MacKAY: The point I am trying to make that in fact very important subjects are now dealt with by agreement between governments. There is really no distinction in kind between treaties and agreements.

HON. MR. DAVIS: Is there no distinction? I am not an authority on that. Is there not a distinction insofar as the action of parliament is concerned?

COMMISSIONER MacKAY: No.

HON. MR. DAVIS: Must the agreement be confirmed by parliament?

COMMISSIONER MacKAY: No; there is no distinction at all, now.

HON. MR. DAVIS: I am not sufficiently an authority to know. There must be some distinction between the two.

COMMISSIONER MacKAY: An historical distinction, I think that is all.

HON. MR. DAVIS: I could not answer that; I could not tell you that. I am not a sufficient authority on these matters. We do not get mixed up with treaties away out here in the middle west.

COMMISSIONER SIROIS: If I understood you correctly, you do not want an amendment to section 132 to just get just to get around the decision of the Privy Council.

HON. MR. DAVIS: No, no.

COMMISSIONER SIROIS: That is quite clear.

HON. MR. DAVIS: We do not want that.

COMMISSIONER DAFOE: Bring 132 up to date.

HON. MR. DAVIS: That is all we want, and no further.

THE CHAIRMAN: In suggestion 2 you say:

"Such amendments as are necessary to give the dominion the necessary powers to deal with such matters as may be agreed upon as being national in their character."

Is it possible to put in a schedule today matters that are of a national character, and to be sure that 40 or 50 years hence that list will be satisfactory.

HON. MR. DAVIS: No, I do not think it would be possible; it has not been possible from 1867 down to now, and I think the same condition will result between now and 70 years hence. I do not think it is possible. I might

say these sections are generalizations, which become more specific as we turn over the page.

THE CHAIRMAN: Manitoba in its brief put it as "matters of national concern", as I recall it, which fall under the dominion jurisdiction, as they state it was originally intended, and in the introductory clause of the peace, order and good government.

HON. MR. DAVIS: Yes. We are in accord with that. After all, we are in a federated state. We recognize there is a place for the federation. If you are going to have these units bound together in the federation, then that federation must have the right to do certain things, must have the right to legislate with respect to certain things that are national in their character.

In No. 3 we say:

"Such amendments as may be necessary in order to assist the provinces in developing themselves.

Among other things these amendments will make it possible for one or more provinces to cooperate with the Dominion without the necessity of a constitutional amendment."

I come to that specifically in the last page. Under the heading of "Recommendations", we say,

"The government of Saskatchewan desires to make several recommendations to the Royal Commission on Dominion Provincial Relations. Most of these recommendations will be of specific nature."

The first one has to do with the problem we discussed yesterday, and I am not so sure that we need spend much time discussing it except I want to stress one sentence there. There is much talk about repudiation, and the attitude of the government of Saskatchewan in regard thereto is evident from the last sentence. This is what we say:

"As to repudiation it is felt that a government which will not attempt to keep faith with its creditors cannot be trusted to keep faith with its people.

That is a principle that we endorse. Then, I should like to stress a sentence in the third paragraph which reads as follows:

"The government is definitely of the opinion that it cannot meet its existing obligations unless its fiscal position is greatly improved."

There is no necessity of my reiterating that. As to the need of a refunding scheme, that was dealt with yesterday in great detail, but I should like to say it is quite obvious that no governmental organization in Canada has offered a workable scheme. On behalf of the government of Saskatchewan I merely say that it is willing and anxious to cooperate with the dominion and other provinces in an attempt to find a solution and put it into operation.

THE CHAIRMAN: Yes.

HON. MR. DAVIS: That concludes that portion, Mr. Chairman, and brings us to the section entitled "Adjustment of the National Economy". I should like to stress the last paragraph of the section dealing with the public debt of the province.

"It is specifically recommended that the portion of the public debt of Saskatchewan attributable to the payment of direct relief shall be regarded as having been incurred in the discharge of a national obligation, and that responsibility for the retirement of this portion of the debt shall be assumed by the dominion of Canada."

I have stressed that several times throughout this brief as a necessary element in the rehabilitation of the finances of this province.

I have stressed the need of an adjustment of the national economy as we have gone through the brief, but I think I should read our recommendations.

" (1) That the customs tariff shall be completely removed from all instruments of production and shall be drastically reduced on all necessities of life.

(2) That the provision of transportation facilities shall be considered from a national point of view and that the freight charges structure of the railways shall be examined with a view to giving some relief to the exporters of primary products from Western Canada.

(3) That the government of Canada shall construct and maintain a trans-Canada highway of a permanent type as well as permanent highways from the Canada-United States border to the several national parks of Canada."

We believe that the operation of this last suggestion would aid materially in bringing money into this country.

Now, I shall read the section dealing with social services:

SOCIAL SERVICES

"The government of Saskatchewan is of the opinion that several satisfactory adjustments may be made under this head. The following specific recommendations are made:

(1) That entire responsibility of old age pension payments shall be assumed by the Dominion of Canada.

(2) That a national scheme of unemployment insurance shall be enacted forthwith by the Dominion Parliament. It is suggested that such scheme should

be of a contributory nature."

I have already indicated we have agreed to that as the result of a request that came from Mr. Mackenzie King.

" (3) That consideration should be given to the enactment of a national scheme of crop insurance by the Dominion of Canada. In the alternative that special assistance shall be given to the Province of Saskatchewan in connection with the administration of a provincial scheme of crop insurance in case it should be decided that such a scheme is feasible. On the one hand it may be pointed out that a national scheme of unemployment insurance will be of less assistance to the Province of Saskatchewan than to the other provinces, while on the other hand it is fairly obvious that Saskatchewan has greater need for a scheme of this character than any other province of Canada."

THE CHAIRMAN: Would there be any chance of the three prairie provinces cooperating in their crop insurance scheme?

HON. MR. DAVIS: I believe there might be.

THE CHAIRMAN: I should not think that a crop insurance scheme would make a very general appeal to many provinces of Canada; I may be wrong, but I doubt if it would.

HON. MR. DAVIS: The hazard is not as great in other sections.

THE CHAIRMAN: I have never heard it suggested. It might have been suggested, but I have not heard of it.

HON. MR. DAVIS: If we could get something like that going in this province, to insure the people against risk, I believe it would be an excellent thing as far as the economic life of the people are concerned. The brief continues:

"(4) That such matters as minimum wages, hours of labour, periods of rest and generally all matters pertaining to labour shall be dealt with by the Parliament of Canada under a national policy in that regard.

(5) That the burden of direct relief shall be definitely assumed by the Dominion of Canada as a social service of national concern.

(6) That consideration should be given to the enactment of a national scheme of health insurance by the Dominion of Canada.

(7) That consideration should be given to a plan for the payment of pensions to all persons who have reached the age of sixty-five years, regardless of financial need. Said pensions to have been contributed to by the recipients during their early years."

The majority of these recommendations have been discussed in detail with the possible exception of No. 4. Section 8 reads as follows:

"(8) That consideration should be given to the amendment of the introductory portion of section 91 of the British North America Act in such a manner as to give complete power to the Parliament of Canada to deal with any social services as it shall see fit."

I do not think any comment is necessary in regard to that section. That does not include education. We are agreed that under the constitution education has been assigned to the provinces, and must remain there, not to be altered except by unanimous consent of all provinces. We now come to the section dealing with "taxation".

"(1) That the levying of succession duties, using that term in its widest significance shall be assigned exclusively to the dominion of Canada and that the moneys derived from the collection of such duties shall be paid to the provinces on an equitable basis. It is further proposed that the income tax field, including a tax upon the incomes of corporations, should be similarly reserved to the Dominion Parliament."

I have already stated that. When we were dealing with the Succession Duty section, page 116, I did not read the portion in which we gave our reasons as to why we consider it advisable to do that. I shall read, that, if you desire me to do so.

THE CHAIRMAN: We are aware of them; the reasons were discussed.

HON. MR. DAVIS: Yes, they were discussed.

THE CHAIRMAN: You do not need to read them.

HON. MR. DAVIS: Section 2 has likewise been discussed. I shall read section 3.

"(2) That consideration should be given to the constitutional handicap under which the Province of Saskatchewan operates in the matter of the taxation of railways."

I have indicated that that might be a difficult thing to do. The next section deals with "Subsidies".

"(1) That the unconditional subsidy presently payable by the Dominion of Canada to the Province of Saskatchewan should be increased. It is impossible to indicate the amount of the necessary increase in the absence of knowledge concerning the extent to which the other recommendations submitted herewith will be accepted. It is suggested, however, that this matter

must be determined on the basis of the fiscal need of the province as indicated by the material which appears in this submission or which may otherwise be brought to the attention of the Commission."

I believe we have dealt with that.

THE CHAIRMAN: I take it that the considered judgment of the government of this province is that the basis should not be population, but fiscal need. That is a new principle. It may have been indirectly recognized, but it has not been publicly recognized in any of the decisions that have been made in reference to increased subsidies.

HON. MR. DAVIS: Yes, Mr. Chairman; throughout we have been stressing that, and we are stressing also the fact that in fact it has been recognized, but they have been camouflaging, more or less. But they recognized the principle, for many years, we believe.

COMMISSIONER DAFOE: The question was put up to the White Commission in the Maritimes and they held definitely against it; but I notice professor Keirstead in his study and analysis of the finding says that the finding was on fiscal need, just the same. The issue was camouflaged.

HON. MR. DAVIS: The same as it has been since 1867.

THE CHAIRMAN: Of course, the White Commission majority report points out that if fiscal need is to be the test then there must be some federal control or supervision.

HON. MR. DAVIS: Yes.

THE CHAIRMAN: So that, as we discussed before, the province that squandered its means could not appeal its fiscal need as the basis of an increased subsidy.

HON. MR. DAVIS: That is the reason we give No. 2. "That the provinces of Canada should be given powers of indirect taxation". They would control that situation.

COMMISSIONER DAFOE: My understanding of the grants made by the Australian Grants Commission is that they are strictly conditional.

HON. MR. DAVIS: I am not able to answer that question. You have made a study of it, and I presume that is correct. I believe they are conditional to the extent that they are from year to year. I believed they are based on fiscal need entirely, and they may be conditional upon the individual state benefited doing certain things.

COMMISSIONER DAFOE: There are certain obligations imposed upon the state, and they have to meet certain standards, certain tests as to taxation and so forth.

HON. MR. DAVIS: Yes, I should think that would be correct, irrespective of whether they state that in their recommendations or not. They would undoubtedly take these factors into consideration in making their recommendations. Recommendation 2 is as follows:

"(2) That a permanent Grants Commission shall be established forthwith with duties as set out in earlier parts of this submission.

PROVINCIAL POWERS

In addition to matters mentioned above it is suggested that the powers of the provinces should be enlarged so as to enable them to deal effectively with companies incorporated by the Dominion of Canada. Such enlarged powers would enable the provinces to deal more effectively with such companies in the matter of taxation as well as in the prevention of security frauds."

At the present time in dealing with security frauds we are reduced to the expedient of licensing the salesmen thereof in an effort to try to control the shares of

dominion companies within the province.

THE CHAIRMAN: Did not Alberta find that broad enough. The Privy Council held the Alberta legislation requiring licenses was *intra vires*.

HON. MR. DAVIS: I should think, if the Dominion had some control over the sales of the shares in their own companies it would possibly obviate our having to do much in this regard.

THE CHAIRMAN: You see, the other suggestion is that the dominion should take over the sole control of company incorporation.

HON. MR. DAVIS: Yes.

THE CHAIRMAN: That is not your view.

HON. MR. DAVIS: That has not been suggested in this brief.

THE CHAIRMAN: What do you mean by "greater control in respect to taxation"?

HON. MR. DAVIS: Well, I presume the meaning is we are having difficulty, as I instanced in the section of the brief dealing with corporation tax and income tax, trying to make the dominion companies, that is dominion companies carrying on business in this province, make their fair share of contributions. Take the case of the John Deere Plough Company in British Columbia --

THE CHAIRMAN: My recollection of that case is, it was a question of the province preventing the dominion company from operating unless it took out a license.

HON. MR. DAVIS: That is right. That question had some elements of the factor of taxation in it. They were trying to do that, of course.

THE CHAIRMAN: If the province had power to do that, the province could exclude as the Privy Council points out, the dominion company from operating in the province. It

paralyses the dominion power.

HON. MR. DAVIS: I do not believe we should do that. I agree with that. I do not believe we should go to the extent where it paralyses the power of dominion control in regard to federal companies. Our suggestion is we could then agree on the corporation tax and on the income tax. If that were allocated to the dominion they would assume a great many of the difficulties we have. These dominion companies carry on business in such a way that we cannot get them for taxation.

THE CHAIRMAN: Referring to that question, my recollection is that you recommend the corporation tax be taken over by the dominion.

HON. MR. DAVIS: Yes.

THE CHAIRMAN: If that were done it would eliminate any question of provincial taxation.

HON. MR. DAVIS: Yes. That is what I was stressing, and also the income tax. It would eliminate the question of taxation for income tax purposes in regard to these dominion companies.

I now come to the section entitled "Constitutional Amendments".

CONSTITUTIONAL AMENDMENTS

In the opinion of the Government of Saskatchewan the British North America Act should be amended in several particulars. The following recommendations are hereby suggested. The recommendations are made under several heads and a measure of overlapping is involved.

I. That such amendments be made as will permit the carrying out of the recommendations contained in the earlier portions of the present Part (XIII) of this submission.

II. That an amendment be procured that will definitely establish a national status for the Dominion of Canada including effective treaty-making capacity. It is suggested that this be done by the amendment of section 132 of the British North America Act.

III. That the constitutional powers of the Dominion of Canada to deal with several matters be made certain. It is suggested that this end be achieved by amendments, (in the form of additions), to section 91 of the British North America Act. It is proposed that the enlargement of Dominion powers shall extend to the following matters:

- (1) The granting of money raised by taxation or otherwise to any province or provinces to be used for provincial purposes.

THE CHAIRMAN: I presume that is suggested by reason of the doubt created by the judgment of the privy council in the social insurance case.

HON. MR. DAVIS: Yes.

MR. CRONKITE: It has never been entirely settled that this enlargement of subsidy payments was constitutionally correct and the granting of old age pensions constitutionally justified.

COMMISSIONER DAFOE: Has not that been more or less challenged in a recent speech by Mr. Cahan?

HON. MR. DAVIS: Yes, absolutely.

MR. CRONKITE: Then, the argument was advanced and it was suggested that the dominion should assume entire responsibility. It was felt, by some peculiar sort of reasoning, if you did only half of it, it might not be constitutionally bad.

HON. MR. DAVIS: I have covered health insurance and

crop insurance.

THE CHAIRMAN: I notice you leave out fire insurance and life insurance. The life insurance field and the fire insurance field are the fields in which the greatest controversies have taken place in regard to the question of jurisdiction in the past thirty years. What is your view on that?

HON. MR. DAVIS: Mr. Chairman, perhaps Mr. Patterson can answer that better than I can. A brief has been filed covering that by Mr. Fisher, the Superintendent of Insurance. I have not perused the whole of that brief and I am not sure what conclusion has been reached in that regard.

HON. MR. PATTERSON: In the main, Mr. Chairman, the life insurance companies doing business in Canada operate under a federal charter. This province has never challenged the right of the federal government to issue federal charters. In fact, I believe we might go farther and say we have accepted dominion inspection, and all that sort of thing, as sufficient for our requirements to permit these companies to operate in the province.

There are some companies that operate -- as I am speaking now of life insurance companies -- under provincial charters. I am given to understand that the Saskatchewan Life Insurance Company has a dominion charter. By an arrangement, and this applies to fire companies that have provincial charters, the province of Saskatchewan undertakes to investigate and audit the returns of those companies which obtain their charters in Saskatchewan and operate in other provinces. These other provinces accept our audit of those companies as satisfactory to them. A company incorporated, situate and licensed in Manitoba is inspected and audited by Manitoba authorities and we accept their audit as satisfactory to obtain a licence to do business

in this province. Similarly, if I remember correctly: the deposits of these provincial companies in the head office province is accepted by the other provinces, and hold for the benefit of the beneficiaries or policy holders in the other provinces.

THE CHAIRMAN: The point I have in mind is this. I do not believe anyone can say with absolute certainty where the field of federal jurisdiction in insurance begins or ends. The act was amended a few years ago in order to accord with the privy council decision, as far as possible. It has not been challenged, and the dominion department of insurance is continuing to function. No one can say with absolute certainty, if it were challenged, what the result might be, in view of the past decisions, and particularly in view of the reference of the privy council to the social insurance act; that it was a matter of insurance solely within the province. One would think that the question of jurisdiction of insurance should be cleared up. If there are to be any amendments suggested at all, it should not be left in doubt.

HON. MR. PATTERSON: I am not a lawyer. I believe the tendency of the privy council decisions has been rather in the direction of placing jurisdiction within the province.

THE CHAIRMAN: Quite.

HON. MR. PATTERSON: We are rather of the opinion that without perhaps giving up all the right and authority that the province has, for effective operation of insurance the manner in which the companies are now being chartered and licensed by the federal government probably meets the situation best. But at the same time they are not all of this class. There are local companies that serve a local need, or operate under some particular condition, and it is questionable whether it would be possible to transfer

the entire jurisdiction to the federal government.

THE CHAIRMAN: I believe the right of the dominion to enact the existing legislation should be made perfectly clear, if there is any doubt about it.

HON. MR. PATTERSON: Yes.

THE CHAIRMAN: The existing legislation.

HON. MR. PATTERSON: Yes.

MR. CONKRITE: May I interject? On page 321 of the brief the government takes the position that it will give sympathetic consideration to further cooperation; but I ~~understand they take the position that it is not demonstrated that the present set-up has proven unworkable in practice.~~

THE CHAIRMAN: What is that?

MR. CRONKITE: The present division of authority.

THE CHAIRMAN: On insurance.

MR. CRONKITE: ~~It has not been demonstrated that it is not working.~~

THE CHAIRMAN: It has not because I think ~~it is working~~ fairly satisfactorily at present.

~~MR. CRONKITE:~~ Through cooperation with the Canadian Bar Association.

THE CHAIRMAN: But it has not been challenged, and nobody can tell when it will be, and that is the difficulty. If there is general agreement that the existing federal insurance law is in the public interest -- and so far as I am aware it is generally agreed -- then the right of the federal parliament to enact that legislation should be put beyond dispute.

HON. MR. DAVIS: I believe we are in agreement with that; the premier has said that.

HON. MR. PATTERSON: There would not be any question about our willingness to establish the validity of the present federal government insurance legislation. The fact

that we have operated as we have and in no way challenged the legislation is the best evidence of our acceptance of the present situation.

HON. MR. DAVIS: I continue with the brief:

- " (5) Conciliation and arbitration for the prevention and settlement of industrial disputes, and compulsory settlement of such disputes."

This was put in as a result of the *Schneider v. Toronto Hydro Electric*. There has been some doubt; and we have enabling legislation here, the validity of which may be in dispute. It was suggested last session that we should incorporate in its entirety the federal act, making it applicable to Saskatchewan, to be sure that both legislative bodies, the federal and the province, had fully covered the field; we have not done that. We have left the enabling legislation as it is for what it is worth. We think it might be well to put it there; it is a question of making it quite clear. I think the act as it is is within the power of the parliament of Canada. I continue with the brief:

- " (6) Invalid and old-age pensions.

- (7) Regulation of labour conditions, and, without restricting the generality of this power, regulation in particular of the following matters namely:

- (a) The right of association for all lawful purposes by the employed as well as by the employers;
- (b) the payment to the employed of a minimum wage adequate to maintain a reasonable standard of life;
- (c) the determination of maximum daily or weekly hours of labour;
- (d) the adoption of a weekly or other periodic rest period;

(c) the abolition of child labour and the imposition of limitations on the labour of young persons; and

(f) proscribing systems of inspection to ensure the enforcement of laws and regulations for the protection of the employed."

These sections cover in the main the cases that went to the Privy Council. We are in accord with the suggestion that the powers which the Privy Council said were not within the parliament of Canada, should be placed within the power of that legislative body beyond peradventure.

COMMISSIONER ANGUS: Have you any view on marketing?

HON. MR. DAVIS: We have no view; we have not considered the question on marketing. That arose here this morning. I believe the suggestion made by Mr. Bickerton was a good one. One individual province could not properly cover that field; it should be within the control of the parliament of Canada.

COMMISSIONER SIROIS: You have quite a list.

HON. MR. DAVIS: Yes.

COMMISSIONER SIROIS: It is a long list.

HON. MR. DAVIS: Yes.

COMMISSIONER SIROIS: Would it not be difficult to get the unanimous consent of all the provinces.

HON. MR. DAVIS: I might be, but still there is no reason to restrict it.

COMMISSIONER SIROIS: You are right.

HON. MR. DAVIS: I continue with the brief:

"IV. It is deemed essential that the powers of the province should be enlarged in certain particulars. The following recommendations are respectfully suggested:

(1) That head 2 of section 92 of the British

North America Act be repealed and the following substituted therefor: "2. The raising of money by any mode or system of taxation within the province, not including the impositions known as Customs and Excise, but inclusive of the taxation of companies authorized to carry on business in Canada by reference to the amount of gross or net revenues received by such companies from persons resident within the province."

(2) That the provinces be given the necessary powers to deal with Dominion companies as already suggested.

V. Cooperation between the Dominion and a province.

In order that cooperation may be made possible, especially when consent to a constitutional amendment cannot be obtained, and in order that uncertainties be removed from the law in this regard, it is proposed that powers shall be given to the legislatures of the provinces touching the following:

- (1) Incorporation in the statute law of any province of any enactment passed by the parliament of Canada by reference to such enactment to the extent to which the subject matter of such enactment is within the legislative competence of the province."

What is meant by that is this: if the dominion parliament passes an act, instead of having to incorporate the terms of that act verbatim in our act, all we shall have to do is to incorporate the section with which we are interested by reference. That section will be incorporated into the statute law of the province by reference. The next paragraph refers to that. In the next paragraph we ask for powers of delegation, and that the dominion government in

turn should have that power.

Mr. Chairman, that concludes the brief. There are one or two comments I should like to make in conclusion. I do not know whether it is necessary to discuss the last section or not.

THE CHAIRMAN: No, your point of view is quite clear. I assume that one or two of the reasons are, as you say, in order to avoid repetition. But I should think there is another reason that may be in view and that is to make clear that the legislation of both the dominion and the province covers the entire field.

HON. MR. DAVIS: Yes.

THE CHAIRMAN: You spoke of enacting the federal law on industrial disputes at your legislature. Some doubt has been raised by reason of the judgment of the privy council as to whether concurrent legislation by the dominion and the province is valid in so far as it transcends the field of either the dominion or the province.

HON. MR. DAVIS: That is right. It is so difficult to make the two operate to cover the entire field. You pretty nearly have to join them up like a jig saw puzzle before they are valid.

THE CHAIRMAN: What have you in mind when you say: "it is further proposed that the parliament of Canada shall be endowed with reciprocal powers in this regard, etc."

HON. MR. DAVIS: Well, if we had some matter of specific character. We are not proposing that we be allowed to transfer general powers such as property and civil rights, but some specific matter that might be within the power of the legislature of the province that we should like to give to Canada, we believe we should be enabled to give that specific power, thereby providing greater elasticity within the constitution. That would result in the possible amendment

of the constitution with respect to specific matters.

THE CHAIRMAN: Are you aware -- I do not know, I am asking for information -- of provisions of this kind in any other federal constitution.

HON. MR. DAVIS: I do not know.

COMMISSIONER DAFOE: There have been judgments in this province and Alberta denying the right to delegate power have there not?

HON. MR. DAVIS: Yes.

THE CHAIRMAN: Oh, yes, that is settled.

HON. MR. DAVIS: Settled by the judgment of the Privy Council, which was delivered by Lord Watson, and the Saskatchewan case refers to that statement.

THE CHAIRMAN: I was wondering if any other federal constitution has the power to delegate.

MR. FOWLER: I believe Australia has it.

THE CHAIRMAN: We shall look it up.

HON. MR. DAVIS: I should like to mention one other matter before I conclude. I should like to draw the attention of the Commission to the representation of the provinces of western Canada in the senate. At the present time Quebec has twenty-four senators, Ontario twenty-four, the Maritimes twenty-four and the western provinces twenty-four. We believe we are a little out of line. We believe we are entitled to larger representation by reason of the population of the four provinces when compared with the population of the other sections of Canada.

THE CHAIRMAN: You wish to add that to your suggestions?

HON. MR. DAVIS: Yes.

THE CHAIRMAN: Then, that concludes the submission.

HON. MR. DAVIS: Yes, and I desire, having presented the submission of the province to the commission, to thank you, Mr. Chairman, and your fellow commissioners for the

patient hearing you have given us in the presentation of this brief.

Naturally we regret that we have had to present a picture that is not altogether a bright one; but we thought we might as well deal with realities instead of trying to to paint a picture that the facts did not justify. I might say we have not lost faith in the province of Saskatchewan. We have two great assets, which were indicated yesterday in particular by Mr. Taggart, the Minister of Agriculture of this province. We have an asset of fine land which will keep on producing crops in this province, and we have the asset of a very, very excellent race of people, as is borne out by the way they have stood up under conditions that were worse than one could find anywhere else in the world within a similar area. They have had to stand up under that for a long time.

We have a combination of land and people, and with a reasonable break in conditions there is no doubt that the province will go ahead. As I have stressed throughout these hearings there are certain other fundamental things that are beyond anything the province can do in the way of increased moisture. That must be rectified, if the province of Saskatchewan is going to be able to carry on and meet its obligations and assure its people a reasonable chance of a minimum standard of living in the province.

May I close with one bright note, Mr. Chairman, I would not want to send you away from the province of Saskatchewan to the province of Ontario without some bright note. I have in my hand a copy of the Toronto Globe and Mail of December 11, 1937. In the province of Saskatchewan we pay a great deal of attention to this paper, possibly more attention than we do to any other with the exception of

a paper published in the adjacent province. The two combined are very good reading for anybody upon which to base their political opinions.

THE CHAIRMAN: I thought you were going to say upon which to base their news information.

HON. MR. DAVIS: Both, Mr. Chairman.

COMMISSIONER DAFCE: That goes without saying.

HON. MR. DAVIS: I want to call your attention to an advertisement in the Globe and Mail. This advertisement stresses the fact that Ontario is the bright note in the economy of Canada, and this is what it says:

"Every statistical record of Canada, past and present, emphasizes the monetary domination of this province. Every market survey establishes a three, four or five-to-one ratio of buying and consuming merchandise maintained here as compared with the remainder of the Dominion. More motor cars, more radios, more cigars, more apple pies --- more dollars in the chartered banks and more pennies in the baby's bank --- more pay in the weekly envelope, more dividend cheques in the mail --- more hats, shoes, coats, dresses and silk stockings bought every day --- more square meals, more travel, more shows and more fun --- that's Ontario TODAY!"

THE CHAIRMAN: No doubt you hold out almost as alluring a prospect for our return as Mr. Sponco did yesterday for a visit to this irrigated area in Alberta.

HON. MR. DAVIS: May Mr. Patterson conclude with a word.

THE CHAIRMAN: Yes.

HONOURABLE W.J.PATTERSON(Premier of Saskatchewan):

Mr. Chairman and Members of the Commission, may I join with Mr. Davis in his expression of appreciation of the very courteous and painstaking manner in which you have listened to our representations.

We have appreciated the opportunity of discussing with you the problems of our province as prepared and presented in this brief, and we have done so with the feeling, as I said at the outset, that we were speaking to five representative Canadians who, like ourselves were actuated by the spirit of what was best for Canada rather than by any local, provincial or parochial ideas.

Apparently some of the submissions we have made have come in for a certain amount of criticism in other parts of Canada. That perhaps is only to be expected. The conditions in our dominion vary so greatly that I am sure some of you gentlemen yourselves have received, during these hearings, a new idea and some further information about the state of this province, with which you were not thoroughly acquainted before.

No matter what these criticisms may be, no matter what objections may have been made to the arguments we have put forth or the pleas we have made, I should still like you to think that in the preparation of this brief the Government of the province of Saskatchewan, and those who were associated with the members of the government were attempting to approach the problem from a truly national point of view and that we were conscious at all times of the fact that after all the welfare and well-being of all Canada is the concern of the Canadian people as a whole, just as much in Saskatchewan as in Ontario or Quebec or in any other

section of our dominion. And I would say, without repeating or referring to it again in detail, that the third paragraph in my foreword to the brief honestly and conscientiously sets forth the position we have attempted to take.

Again let me say that we have greatly appreciated the opportunity of having you with us and we are indeed very much indebted to you for the very careful and attentive manner in which you have listened to our representations.

MR. CHAIRMAN: Mr. Patterson, Mr. Davis, and Members of the Government, may I on behalf of my colleagues and myself express our appreciation of the careful and thorough preparation which you made for the sittings of the Commission here.

In your brief you have presented your view of the situation in Saskatchewan and of the changes which you believe to be necessary in the national interest as well as in the interests of the province of Saskatchewan. We appreciate the careful way in which the brief has been prepared and the thorough manner in which it has been presented.

You realize of course that it is our duty to hear representations from all the other provinces as well as from the dominion and various public organizations, and we must accordingly suspend our judgment until we hear the views that are to be presented from all angles. Thereafter we must endeavour to reach the wisest conclusions we can in the national interest and in the interests of the several provinces.

We have been greatly helped by the presentation you have made. You have given us an intensely real and vivid picture of conditions in this province,

and I am sure everyone realizes that you have passed through an exceptionally difficult and trying time and have done so with great courage and fortitude. I do not hesitate to say that that courage and fortitude, displayed by the people of this province, will be recognized and fully appreciated by Canadians in the other provinces of the dominion.

We thank you for the provision you have made for these hearings. This, certainly, has been a very comfortable place in which to hold these proceedings and you have done everything possible to contribute to our convenience while we have been here and to facilitate the work of the Commission. We shall go away with pleasant recollections, if not of the unfortunate conditions in Saskatchewan about which we have been told, at any rate of the treatment that we have received at the hands of the government during our stay. We shall certainly give most careful and painstaking consideration to the state of affairs in the province of Saskatchewan as disclosed in your brief.

The Commission thereupon adjourned .

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